FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,206 Thursday April 9 1987 D 8523 B

Summit: US swallows its anger over Soviet spies, Page 26

World news

Third US marine held in spy case

A third US marine was arrested on suspicion of espionage in the growing sex-spy scandal at US diplomatic missions in the Soviet Union.

A 26-year-old marine is being held for questioning about his 12-month stint as a guard at the US consulate in Leningrad, starting from October 1981. The other marines served in the Moscow embassy in 1985. Page 26

Bodies recovered

Divers recovered 83 bodies from the mud-filled wreck of a British car ferry off the coast at Zeebrugge and expected to find more, a Belgian official said. Compensation doubted, Page 7

IRA member buried

A member of the outlawed Irish Republican Army was buried after clashes disrupted two earlier attempts. The night before two British soldiers and a civilian were injured in the worst rioting in Northern Ireland this year.

German strike looms

A strike in the West German metal industry loomed as wage talks broke down in the key region of Baden-Württemberg over cuts in working hours. Page 3

Anti-terror pact

France and West Germany signed an agreement stepping up co-operation between their police forces in the hunt for terrorist groups.

Asuncion clear

Paraguayan President Stroessner ended a 40-year state of siege in the capital of Asuncion today.

Koreans form party

Leading South Korean politicians Kim Young Sam and Kim Dae Jung said they were leaving the opposition New Korea Democratic Party to form a new party. South Korea debt, Page 4

JAL crash report

Faulty repairs and inadequate inspection caused the 1985 crash of a Japan Air Lines Boeing 747 which killed 520 people, a Japanese Government draft report said. Page 4

Iran war claims

Iran said its forces inflicted heavy losses on the Iraqi army on the second day of a new ground offensive in the Gulf war. The Iraqis reported they had repulsed all attacks. Page 4

French N-plan boost

France prepared to approve plans to upgrade its nuclear strike force under a five-year military programme. The move goes against a trend in Europe towards disarmament. Page 3

West Bank protests

Israeli troops fired in the air in the occupied West Bank to break up protests in support of more than 1,000 Palestinian prisoners. The prisoners are on a partial hunger strike for better conditions.

MP to quit

British Member of Parliament Mr Keith Best is to stand down at the next general election in response to growing controversy over his admission that he had made multiple applications for shares in the sale of British Telecom.

Sex charges

Conservative Party MP Harvey Proctor was charged with four offences of gross indecency. He will appear in a London court on April 16.

Painting's buyer

Yasuda Fire and Marine Insurance, Japan's second biggest insurer, was named as the buyer of Van Gogh's Sunflowers for £24.7m ($39.5m) in London last month.

Business summary

No frills for Rolls-Royce flotation

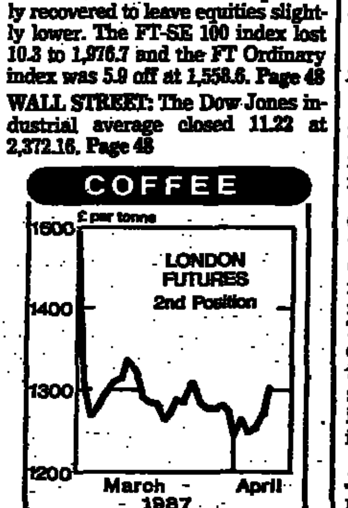
COUNTDOWN to the flotation of Rolls-Royce, the British state-owned aero-engine maker, began amid clear signs that the UK Government has decided against using the issue as a plank for widening share ownership. Page 26

TOKYO: Investor enthusiasm overcame the effects of Wall Street's overnight plunge to push prices to yet another record. The Nikkei average rose 128.34 to 22,912.99. Page 48

LONDON: Early falls caused by Wall Street's overnight losses and remarks by US Federal Reserve chief Mr Paul Volcker were partially recovered to leave equities slightly lower. The FT-SE 100 index lost 10.3 to 1,976.7 and the FT Ordinary index was 5.9 off at 1,558.6. Page 48

WALL STREET: The Dow Jones industrial average closed 11.22 at 2,372.16. Page 48

COFFEE



COFFEE market rally continued with the London July futures position rising £33.50 to £1,302.50 a tonne. Some dealers discerned a bullish chart signal in the movement. Others saw the gain as a technical recovery. Page 36

GOLD rose $1.00 to $420.50 on the London bullion market. It also rose in Zurich to $420.45 ($419.00). In New York the June Comex settlement was $424.10. Page 36

DOLLAR closed in New York at DM 1.8300; SFr 1.5220, FFr 6.0885; Y148.05. It rose in London to DM 1.8390 (DM 1.8285); to Y146.55 (Y145.30); to SFr 1.53 (SFr 1.5145); and to FFr 6.1175 (FFr 6.0750). On Bank of England figures the dollar's exchange rate index rose to 102.2 (101.6). Page 37

STERLING closed in New York at $1.6160. It fell in London to $1.6125 ($1.6185); but rose to DM 2.9650 (DM 2.9550); to Y236.25 (Y235.25); to FFr 9.8650 (FFr 9.8325); and to SFr 2.4675 (SFr 2.4500). The pound's exchange rate index closed at 146.1. Page 37

AFRICA's developing economies are expected to make a modest recovery this year, a report by the African Development Bank and the UN Economic Commission for Africa said. Page 4

INDUSTRIE Pirelli, Italian operating arm of Pirelli tyre and cables group, unveiled a consolidated net profit of L30.8bn ($23.7m) for 1986, an increase of 61 per cent year-on-year. Page 27

PHILIPS, Netherlands-based electronics group, is to acquire a minority holding in John Fluke, the US electronic test and measurement group, in a deal which will establish the third largest organisation in the industry. Page 27

HEAVY restructuring provisions have helped push Vielle Montagne, the Belgian zinc mining and processing group, into the red for 1986. The company is not paying a dividend. Page 28

DSM, Dutch state-owned chemicals company, looks increasingly likely to be partly privatised as early as next year, with management declaring that "the time is right" for going public. Page 27

TEXAS Court of Appeals has granted Texaco temporary protection from having its assets seized by Pennzoil, following Pennzoil's victory in the latest legal skirmish between the two companies in the US Supreme Court on Monday. Page 27

Accord on dollar affirmed amid US fears over growth

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN WASHINGTON

FINANCE MINISTERS of leading industrial nations yesterday reaffirmed February's Paris agreement to seek a period of stability on foreign exchange markets and to co-operate to prevent a further substantial fall in the value of the dollar.

Their talks at the International Monetary Fund in Washington were marked, however, by unease on the part of several governments over the recent slowdown in world economic growth and by public irritation with Japan over the pace of its efforts to stimulate its economy.

A formal extension of the Paris accord was expected late last night following a meeting of the Group of Seven industrial nations. The key participants indicated before their talks, however, that they regarded its reaffirmation as essential to maintain calm

Mr Gerhard Stoltenberg, West Germany's Finance Minister, said that there had been a decisive change of attitude in the US Administration over the past two months in favour of stabilising the dollar. That was reflected in remarks earlier this week by Mr Paul Volcker, the chairman of the US Federal Reserve, who warned of the damaging impact on the world economy of a further dollar slide.

After bilateral talks with Mr James Baker, the US Treasury Secretary, Mr Kiichi Miyazawa, Japan's Finance Minister, also said he was satisfied with US intervention to support its currency.

US officials made clear, however, that they believed the continued success of the Paris agreement would depend on additional efforts by Tokyo and Bonn to step up the growth rates of their economies.

The US is concerned that IMF projections due tomorrow will show only a slight fall in its massive trade and current account deficits over the next few years.

It is pressing its partners to agree to a more formalised system of international economic co-operation to ensure that Japan and West Germany – the main surplus countries – play a full part in reducing the trade imbalances.

The US idea for the establishment of agreed "norms" or policy goals for each of the main economies is strongly supported by France, but has so far run into opposition from Japan, West Germany and Britain.

Mr Baker's frustration with Japan has been exacerbated by the dispute between the two countries over semiconductors. The issue was discussed between the two ministers in their bilateral talks, but officials indicated that no concrete progress had been made.

European ministers also expressed their annoyance at what they termed Japan's continued unfair trading practices and its failure so far to implement the measures to stimulate its economy agreed in Paris. Mr Stoltenberg said that while the Bonn Government had fulfilled its pledge to add to next year's planned tax cuts, it, like the US, was "losing patience" with Tokyo.

The irritation with Japan, despite this week's announcement of a further package of measures to stimulate its economy, has led some officials here to question the strength of the commitment to prevent the dollar falling further against the Japanese currency.

Since the Paris accord the yen has appreciated by more than 4 per cent against the dollar, despite massive intervention by the Bank of Japan. Although the US Federal Reserve is understood to have been more aggressive than usual in trying to support the dollar, European efforts on Japan's behalf have been extremely modest.

The Europeans, however, are aware that any public admission that assistance to the Tokyo Government is less than wholehearted could undermine the whole basis of the Paris accord.

Mr Karl Otto Pöhl, the president of West Germany's Bundesbank, said that a "crash landing" for the dollar could provoke worldwide recession, a resurgence of protectionism and further aggravation of the debt crisis.

The Bundesbank president rejected as impractical, however, the idea of moving to any system of "target zones" for the major currencies.

Background, Page 4

Gorbachev starts difficult Czech mission

By Leslie Colitt in Prague

MR MIKHAIL GORBACHEV, the Soviet leader, today begins his first official visit to Czechoslovakia, one of his most delicate missions to Eastern Europe since he rose to power in 1985.

The visit was due to start at the beginning of this week but was delayed because Mr Gorbachev was suffering, official spokesmen said, from a "cold."

The Czechoslovak leadership under Mr Gustav Husak is concerned that recent Soviet reforms might trigger a wave of demands for political reform that might be difficult to control in Czechoslovakia. Mr Husak came to power after Soviet-led armies crushed the brief reformist rule of Mr Alexander Dubcek in 1968.

Asked yesterday about parallels being drawn in the West and Czechoslovakia between Mr Gorbachev and Mr Dubcek, the Soviet Government spokesman, Mr Genadi Gerassimov, said in Prague: "That was 19 years ago and times have changed."

Mr Husak recently launched a packet of his own economic "restructuring" reforms which are designed to give a measure of independence to companies in order to revive the country's stagnating economy. He has not, however, committed himself to political or social reforms, even of the type put forward by Mr Gorbachev.

The Soviet leader faces the difficult task of urging Mr Husak to press on with economic reforms – if only because Moscow wants more advanced, better quality industrial equipment and consumer goods from Czechoslovakia. Mr Gerassimov, in response to a question on whether Mr Gorbachev would tell the Prague leadership how to organise their economy, said: "We can discuss with them but we cannot order anyone around."

Mr Gorbachev, in his major speeches in Prague and Bratislava is expected to strike a balance between his reformist instincts and the realities of Soviet power in Eastern Europe.

East European officials noted he did not want to appear to be leaning too hard on Mr Husak for fear that this could encourage the Czechoslovak opposition.

Czechoslovakia's most prominent dissident, Mr Vaclav Havel, a playwright and co-founder of the Charter 77 civil rights group, said yesterday that he did not think Mr Gorbachev's visit would lead to "major changes" in Czechoslovakia, but that Czechoslovaks would be listening carefully to what he said in public.

Delicate mission, Page 3

Japan snubs UK over brokers plan

BY OUR FOREIGN AND FINANCIAL STAFF

JAPAN has flatly refused a British proposal to admit three UK securities firms to the Tokyo Stock Exchange by the end of this year, a move which is certain to add further fuel to rising trade tension between the two countries.

At a press conference called yesterday to respond to the UK proposals, Mr Michio Takeuchi, president of the Tokyo Stock Exchange, said: "May (1988) is the earliest possible for opening our membership and I want the British Government to understand this."

The statement was a direct snub to the UK proposal put to TSE officials earlier in the day by Mr Michael Howard, UK minister for consumer and corporate affairs. According to Mr Takeuchi, the UK is seeking admission for three UK securities firms by the end of this year. The three are Baring Brothers, J. Henry Schroeder-Wagg and Kleinwort Benson.

Mr Howard said before leaving Tokyo yesterday that the UK was ready to impose sanctions against the Japanese if their timetable for admission of the three firms was not accepted by May or June of this year. These sanctions include revoking the licences of Japanese banks or insurance companies operating in London, as provided for under the new Financial Services Act.

The Japanese say it is physically impossible to accept more members before its new building is completed next year. Mr Takeuchi said the Tokyo exchange had done its utmost to liberalise its membership and that the British side should also make concessions.

Mr Howard, however, told reporters yesterday that the Japanese should apply the same "ingenuity and resourcefulness" to the problem that they use when selling their goods abroad.

Despite Mr Howard's tough words on leaving Tokyo, UK government sources were last night emphasising that no instant retaliatory action against Japan should be expected.

There were denials that the Japanese reaction could necessarily be interpreted as having called Britain's bluff. Emphasis was being placed on the need for careful consideration of the outcome of Mr Howard's talks and of the options open for direct action.

Ministers remain angry and frustrated at Japan's stance but they

Continued on Page 26

Britain and Japan yesterday signed an agreement to exchange information in an attempt to help stamp out international securities fraud. Page 26. US semiconductor industry officials said on the eve of emergency US-Japanese trade talks that Japanese moves to cut production and exports to avoid US sanctions were "counterproductive" and could "exacerbate trade tensions." Page 4

Lawson's sub-Sahara debt plan

BY OUR ECONOMICS CORRESPONDENT

MR Nigel Lawson, Britain's Chancellor of the Exchequer, will today propose an initiative to ease the debt burden of the most impoverished nations in sub-Saharan Africa.

Mr Lawson will unveil the plan at a meeting of the International Monetary Fund's policy-making interim committee, after initial discussions yesterday with other finance ministers in the Group of Seven industrial nations.

Senior British Treasury officials said the proposal had three essential ingredients: the conversion of loans in bilateral aid programmes into outright grants; an agreement among the major creditors to reschedule other officials loans, with new maturities of up to 20 years, and longer grace periods for capital repayments; and the introduction of concessional interest rates, up to 3 percentage points below market rates.

Sub-Saharan African countries would have to meet a number of criteria in order to qualify for the new concessions. They would have to be among the poorest and most heavily indebted nations and to have set in train satisfactory programmes to overhaul their domestic economies.

The British officials estimated that the interest rate remissions could be worth up to $250m a year to the nations qualifying. They would also benefit from the translation of aid loans into grants.

For the plan to be implemented, it would have to be agreed unanimously by the Paris Club of Western industrial nations, which is responsible for official debt negotiations with developing countries.

Mr Lawson indicated earlier this week that there was an agreement in principle within the Paris Club on at least some measures to alleviate the crippling debt burden of many African nations.

US officials have indicated, however, that they are sceptical about the feasibility and desirability of reducing the interest rates charged to debtor countries.

The British officials acknowledged US reservations but said that they still hoped that they could get all the creditor countries to agree on the programme.

The officials suggested that perhaps 15 or 20 of the poorest African countries could benefit from the programme.

Boeing to offer 7J7 with prop-fan engine

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BOEING of the US is to offer its proposed new 7J7 twin-engined medium-range 150-seater airliner solely with the GE-36 prop-fan engine being developed by General Electric of the US.

The decision follows the abandonment by the International Aero Engines consortium of its plan to offer a rival engine, the Superfan.

Airbus Industrie, the European airliner group, also confirmed yesterday that the end of the Superfan meant that the proposed four-engined long-range A-340 version of the Airbus would also now be offered with only one engine type, the Franco-US CFM-56-5S3.

Snecma of France has a minority share of the GE-36 development and is linked with GE, the major partner, in the joint company, CFM International, building the CFM-56-5S3 engine.

The Superfan and prop-fan are both advanced technology engine developments giving big improvements in propulsion with much lower fuel consumption than current generation jet engines. The CFM-56 is a conventional jet engine.

IAE, the seven-company, five-nation engine group set up in 1983, in which Rolls-Royce has a 30 per cent stake, confirmed yesterday that its board had decided to drop the Superfan because it could not be developed in time to meet the 1992 in-service date demanded by both Boeing and Airbus.

Continued on Page 26

End of a paper engine, Page 5

Guinness accuses ex-chairman of expecting to get £3m

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT, IN LONDON

GUINNESS, the international drinks company, alleged in the High Court in London yesterday that there had been a secret agreement that Mr Ernest Saunders, the company's former chairman and chief executive, should get more than £3m ($4.8m) of the £5.2m "fee" paid by the company to Mr Thomas Ward, another Guinness director.

The company also suggested that Mr Saunders might have been "embroiled" in an arrangement under which a flat in the Watergate Building in Washington was bought for Mr Ward and his family with £750,000 of the £3m paid by Guinness to Sir Jack Lyons, a former adviser to Bain & Co, Guinness's management consultancy, during the alleged share support operation organised during Guinness's takeover battle for Distillers last year.

Mr Saunders has denied having any beneficial interest in the £5.2m or any other part of the £25m payments, or that he played any part in the support operation.

The allegations were made when Guinness asked the court to continue temporary orders by which the company hopes to discover the present whereabouts of the £5.2m.

The orders froze Mr Saunders' and Mr Wards' UK assets, to a limit of £5.2m, required them to disclose the whereabouts of the £5.2m, and to "repatriate" the money.

Mr Saunders and Mr Ward are asking the court to cancel the orders.

At an earlier court hearing it was disclosed that Mr Ward had been allowed to "borrow" Mr Saunders' account at Union Bank of Switzerland, through which £3.029m passed.

Guinness alleges that the money was part of the £5.2m paid to Mr Ward via a Jersey company, Marketing and Acquisition Consultants.

Yesterday Mr David Oliver, QC, for Guinness, read evidence in which Mr Shaun Dowling, a Guinness director, stated that "Guinness suspects that Mr Ward and Mr Saunders were at all times agreed that £3.029m of the £5.2m should secretly go to Mr Saunders."

Mr Dowling said he appreciated that that was "a grave allegation", but said Guinness had been driven to that suspicion by what had happened.

Mr Oliver said that last September the funds in the UBS account had been split into two, one half being divided into dollar, Swiss francs and Deutschmark amounts.

On November 14 three debits had been made, of £1.568m, $1.132m and DM 1.159m. The sum of SFr 937,000 had remained in the account until the day that UK Department of Trade and Industry inspectors were appointed to investigate Guinness. It was not known on whose instructions the debits were made.

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Details, Page 7

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CLOUDS FADING FROM THE MOROCCAN HORIZON

King Hassan's denunciation of Libya has restored him as a favoured friend of the US. Page 4

France shelves scheme to build private prisons

BY PAUL BETTS IN PARIS

THE French conservative government has decided to abandon a controversial plan to build up to 70 private prisons to help resolve the severe overcrowding in the state prison system.

Instead, the Government has decided to invest FFr4bn (£408m) over the next two years to increase the overall capacity of the state prison system to accommodate an additional 15,000 inmates.

The decision to abandon the ambitious and novel private prison construction programme reflects the Government's efforts to avoid a new controversy which could undermine its popularity and image barely a year before the next French presidential elections.

Mr Albin Chalandon, the Justice Minister, claimed that the new state-funded prison programme would help resolve the overcrowding problem. The French prison system, with a theoretical capacity to house 33,500 inmates, is bulging with more than 51,000 inmates. This has led to severe strains in state prisons and several prison riots and demonstrations.

But the new prison programme only partly offsets Mr Chalandon's original plan to launch an ambitious programme of private prisons modelled on US systems.

Mr Chalandon's original programme provoked much controversy and was openly criticised by President Francois Mitterrand, who claimed that the scheme would transfer the sovereignty of the state to the private sector in a crucial aspect of French life.

It is the second time Mr Chalandon has had to back down on a major proposal. He decided earlier this year to shelve a controversial plan to reform the French citizenship code after the scheme provoked a heated and politically damaging row for the Government.

The Government is to fund directly the construction of 15,000 new prison places between now and the end of next year.

Although the programme will help ease the problems of the overcrowded system, it will have to be followed up by new construction in the longer term to cope with a prison population increasing at an average rate of 6,000-7,000 new inmates a year.

Dutch plan insider trading curb

THE DUTCH Ministries of Finance and Justice said they have presented parliament with a new law to make insider trading in shares a criminal offence, Reuter reports from the Hague.

A year ago, the Amsterdam Bourse announced its own rules, effective from January 1 this year, aimed at preventing unfair use of inside information in the trading shares listed on the exchange, but said back-up legislation was essential.

The proposed law calls for up to two years imprisonment, fines of up to DFl 100,000 (£30,600) for an individual and DFl 1m for a company, and repayment to the state of profits made from insider dealing.

The proposed fines are higher than any in force in Dutch law, a statement from the two ministries said.

The draft law sets no limit to the illegal profits to be repaid. The amount would be determined by a court.

The Finance Ministry said the timetable for the introduction of the legislation depended entirely on its reception in parliament.

In the meantime, the Bourse's Share Trading Association monitors business closely, frequently suspending or even rescinding dealings

William Dawkins reports on Britain's delay in joining a Community project

Funding row puts EEC research at risk

DRIVING in to Brussels on the big motorway from Ostend, you will notice near the centre of town an office block bearing on its roof a conspicuous illuminated sign.

It is just before the turning for the European Commission and the sign picks out in blue lights: "ITT Research. There's no future without it." It is a message with an especially ironic meaning in a week when Britain stands isolated as the only EEC member state to refuse to back a controversial Ecu 6.48bn (£4.58bn) joint Community programme for research over the next five years.

The project, designed among other things to help European companies catch up in the technology race with US counterparts such as ITT, has been much slimmed down from the Commission's Ecu 7.735bn proposal, itself a reduction from the original Ecu 10.3bn plan

The Ecu 6.46bn version of the scheme is a final compromise put together by Belgium as chairman of the Council of Ministers. Mr Guy Verhofstadt, the Belgian Minister behind the proposal, gave London until the end of last week to make up its mind. But the UK has said it needs more time to consider a scheme which it has argued all along is mostly poorly focused and duplicates national research efforts to many areas.

All this has exposed Britain to a chorus of complaints from the Commission, the European Parliament, industry lobbies and other member states that its stubborness is forcing the Community's research industry into a crisis and jeopardising the future of the EEC's high technology.

The so-called framework programme covers a wide range of subjects from information technology through to energy and is supposed to take over from the present Ecu3.5bn programme, due to run out at the end of this year. Within the present scheme, however, several projects have already run to the end of their first phase or have nearly used up their initial funding and are near the stage where they cannot go on without an agreement on the framework programmes.

They include the Esprit study into information technology and the Race work on advanced telecommunications — ironically, two of the projects for which the UK has the most support, along with Brite in industrial technology. Also at risk are two much smaller programmes for research into cancer and Aids, and science and technology for developing nations.

Esprit probably has most to lose. Its 3,000 scientists in companies and university laboratories across the Community make it the largest project in the programme and it has been hailed by its participants as making a valuable contribution to encouraging EEC companies to think internationally. Esprit has almost run through its initial Ecu 750m and is now being offered another Ecu 1.6bn under the Belgian compromise, well below the Ecu 2bn proposed by the Commission.

Among the Esprit projects due to run out of cash this year are studies into advanced computer networks for business information involving GEC of Britain and Faci of Italy, and research into merging PABX telephone exchanges into computer networks involving Plessey, the French telecommunications group Jeumont Schneider and the German group Telenorma.

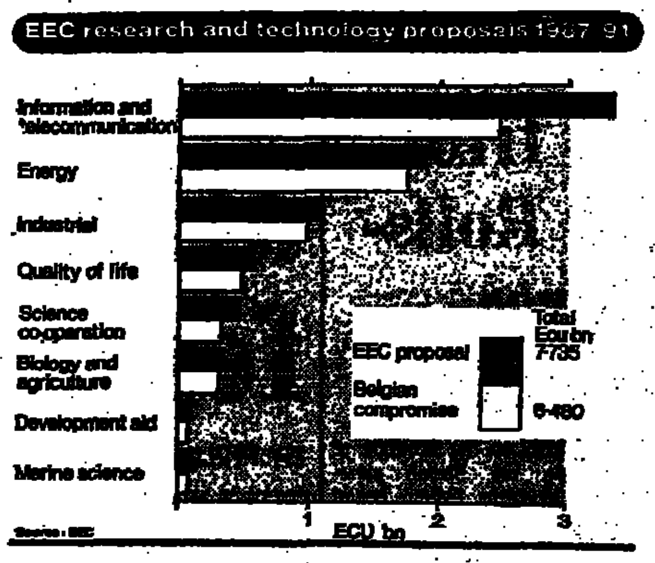
Even assuming the research budget is agreed soon, the money will take months to work through the EEC machinery to the projects themselves and may render several projects irrelevant.

The average lifespan of a new information technology component is little more than two years, holding out the ridiculous prospect of a new EEC-backed product emerging on the market just as demand starts to shift towards the next generation of components. One possible example is application specific integrated circuits (Asics), a new kind of customised chip scheduled for examination in Esprit's second phase where, says one technology official: "We are not yet too late. But the problem of getting started in the race at the right time is getting more difficult."

The same risk of getting out of step with the market hangs over the Race study into broad band communications, which would combine voice, data, video and graphics on to a single line. This involves 500 scientists from 30 EEC companies who finished preliminary work on defining common standards at the end of last year and are now waiting Ecu 550m under the Belgian offer to continue.

"One is not talking about broad band communications being of importance until the mid-1990s," admits Mr Mel Price, vice chairman of GEC Telecoms. "But you cannot lose the first year of a big research programme like this without feeling the effects later on. If you delay a year, someone else will pre-empt you—and the window for this particular opportunity is not infinitely wide."

Mr Price has not yet started to disband his own research teams, which were expecting a delay in any event, but he warns: "You cannot keep them together for too long once they lose hope."



EEC parliamentary debate will add to UK isolation

BY WILLIAM DAWKINS IN STRASBOURG

THE EUROPEAN Parliament will demand today that the EEC's research budget for the next five years be withdrawn, unless Britain gives its go-ahead for the scheme within the next three weeks.

Britain is the only member state so far to refuse to back the Ecu 6.48bn (£4.58bn) research framework programme, despite last Friday's deadline for a response set by Mr Guy Verhofstadt, the Belgium Minister chairing the Community's Research Council.

Today's move will add to Britain's isolation on an issue that has brought it into increasingly heated conflict with other member states and a European Commission that holds the programme as a vital key to the EEC's attempts to catch up in the technology race with the US and Japan.

"Time is very much against us. We are getting very close to the point of no return, "Mr Karl-Heinz Narjes, the European Commissioner responsible for the programme, told parliament's research committee.

Mr Verhofstadt has said that he will not call a meeting of the research council until he gets word from London, which means that the next forum in which member states can discuss the programme will be the European Summit in June.

"We can't possibly hang on until then. If we did it would take us years to get this work together again," warned Mr Narjes.

The programme will be discussed at a meeting of the UK Cabinet today, but it is understood that a decision is unlikely and that London might even wait until Easter before saying whether or not it will sanction the scheme.

The programme has already been slimmed down drastically from the commission's original Ecu 10.3bn proposal, but Britain wants to cut it even more to Ecu 4.2bn.

One stumbling block for London is that EEC research spending is docked off departmental budgets, so while UK companies might benefit, national public research spending is actually diminished.

However, the sums in dispute are very small. According to one estimate the difference between the Belgian Ecu 6.48bn proposal and Britain's Ecu 4.2bn would enlarge the UK's £2bn annual civil sector research budget by the equivalent of just £15m.

The European parliament debate would be on a proposal by the research committee which also considered the suggestion that Britain be dropped from the programme altogether.

However, this would be incompatible with EEC rules that the research programme must have unanimous support.

Athens to reform offshore law

By Andriana Ierodiaconou in Athens

GREECE is to introduce legislation regulating the operation of offshore companies in a bid to eliminate existing "inconsistencies and problems," Mr Theodore Karatzas, secretary general of the Economy Ministry, announced at a seminar on offshore operations yesterday.

The proposed legislation will replace the existing law on offshore companies, known as Law 89, which was introduced exactly 20 years ago with the aim of establishing Athens as a regional centre for international shipping, industrial and commercial activity to rival Beirut.

Mr Karatzas said the authorities were considering allowing for the first time "Greek companies or companies established under Greek law to engage in offshore operations."

A second reform under consideration is that of giving offshore firms the option of paying a special reduced tax rate in Greece "in order to arrange better their international tax commitments," he said.

Problems facing offshore companies in Greece include payments of value added tax, which was introduced on January 1, restrictions on the mailing of foreign currency cheques drawn against accounts abroad, and bureaucratic complications related to visa requirements for certain non-Greek employees.

Speakers at the seminar said that the size of the offshore community in Greece had been diminishing since the early 1980s, mainly due to adverse international economic factors. This has led to a dramatic decline in the flow of foreign currency into Greece from Law 89 operations, to less than half the levels of four years ago.

Mr Karatzas said that at the end of 1986 there were 920 offshore enterprises in Greece.

Anger over Greek price increases

By Our Athens Correspondent

THE GREEK press and public reacted angrily yesterday to sharp rises in the price of public services — including transport, electricity and telephones — announced by the Socialist Government on Tuesday.

Pro-Government and opposition papers were unusually united, with headlines sharply criticising the price increases.

The Government is committed to reducing the public sector and external deficits, as well as reducing inflation under an economic stabilisation programme introduced in October 1985.

The targets for 1987 include a reduction of the net public sector borrowing requirement on a cash basis from 14 per cent of gross domestic product to 10 per cent, and a trimming of the inflation rate from 16.9 per cent last year to 10 per cent.

According to Tuesday's announcement, the price of Olympic Airways' domestic flights is to rise by 28 per cent. Bus fares around the country, with the exception of Athens and Salonika, are to increase 15 per cent.

Household electricity will go up by about 11 per cent, telephone rates by 16.6 per cent

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Spain to limit foreign stakes in private TV

By David White in Madrid

THE Spanish Government has introduced strict limits on the stakes which press groups and foreign shareholders may take in planned private television channels.

The restrictions, designed to avoid a concentration of media power, are the main change in the bill sent to parliament this week, a year after the first draft law on private television was drawn up.

The bill, postponed because of last summer's snap general election, provides for three private channels. Spain has two state-owned channels broadcasting nationwide, plus local channels backed by regional authorities.

Under the revised version, foreign shareholdings in the new channels may not exceed 25 per cent. The maximum individual stake is set at the same level, and is reduced to 15 per cent for shareholders involved in daily or weekly publications, news agencies or broadcasting.

The restrictions are evidently aimed at curbing the ambitions of potential foreign bidders such as Mr Silvio Berlusconi, the Italian television magnate, and of Spanish press groups, such as the publishers of the Madrid daily El Pais. The newspaper, which is generally sympathetic to the Socialist Government, has inveighed against the bill, describing it as the "television trap."

The Government, which has been frequently attacked over news coverage by the state channels, has also incorporated a promise that its choice of concessionary companies will be conditioned by "the need to guarantee free and pluralist expression of ideas and currents of opinion."

● Travellers planning to start their Easter holidays in Spain tomorrow face the prospect of chaos and long delays as both of the country's state airlines and the railways are hit by renewed pay strikes.

The stoppages are due to be repeated next Wednesday ahead of the long Easter weekend, when employees at the state-owned Parador hotel chain are threatening to join the movement.

Ground staff unions at Iberia, the national carrier, and its sister airline Aviaco were planning yesterday to go ahead with strike plans despite an increased 5.5 per cent pay offer, half a point above the Government's wage guideline, with an extra half point available for productivity.

Biggest party resigns from Italian coalition

BY JOHN WYLES IN ROME

FIFTEEN Christian Democrat members of the Italian Government, led for more than three-and-a-half years by Mr Bettino Craxi, the Socialist Prime Minister, yesterday resigned their offices in protest at the Socialists' behaviour during the current political crisis.

This mass resignation by members of the largest party is unprecedented in postwar Italian politics and pushes the Craxi Government towards what another Minister described as "an inglorious end."

Quite how the end will come was still uncertain last night. In the late afternoon, Mr Craxi went to the Senate to open a debate requested last week by President Francesco Cossiga.

The Prime Minister read out Mr Cossiga's request, then the letter of resignation from the Christian Democrats, and concluded by saying that in other circumstances he would have gone straight to the President to hand in his resignation.

However, Mr Craxi said the President had asked for a debate, and so he would listen to the proceedings, draw the necessary conclusions and make a speech of reply today.

The Prime Minister's tactics appeared to be directed at placing the maximum blame for the rupture and probable early general elections on the Christian Democrats.

It was unclear last night whether the Senate would vote on a confidence motion, but if it does then the Christian Democrats would clearly be forced to vote against a government which, their Ministers' letter of resignation conceded, had been "fruitful" for the country.

The cause of the turmoil which began five weeks ago, is Mr Craxi's refusal to support a Christian Democrat-led government unless it agrees to allow referenda on nuclear energy and judicial reform to go ahead as scheduled on June 14.

The Christian Democrats claim that the Socialists are exploiting the referenda issue for party-political reasons, when they should agree to establish a soundly-based government which would pass legislation and render the referenda either unnecessary or uncontroversial.

Relations between the two parties have sunk to an all-time low with many Christian Democrat leaders arguing in private that Mr Craxi is now a threat to the country's democratic institutions.

For his part, the Socialist leader wants to teach the Christian Democrats, accustomed to dominating Italian government for the last 40 years, that times have changed and that they can no longer unilaterally determine the ground upon which politics is conducted.

W German engineering strikes set to escalate

By David Marsh in Bonn

A FULL-SCALE strike in the West German metal-working industry loomed yesterday as wage talks broke down in the key region of Baden-Wuerttemberg over the central issue of cuts in working hours.

A tussle between IG Metall, the largest West German union with 2.6m members, and employers has sharpened in recent weeks with a series of warning strikes around the country.

IG Metall's claims for a 5 per cent pay increase and, most importantly, a cut in the working week from 38.5 hours to 35 hours have been sturdily resisted by employers' federations in the decentralised negotiations.

The IG wage commission for Baden - Wuerttemberg yesterday called for wage talks for 960,000 workers in the state to be formally declared broken down.

This followed the employers' refusal to accept even a progressive move to a 35-hour week in negotiations for the North Wuerttember-North Baden region.

Meanwhile, the Audi and BMW car works in Bavaria were hit by further work stoppages yesterday as IG Metall stepped up its warning action in southern Germany.

Employers had been hoping for a settlement based on the 3.4 per cent pay award for public service workers agreed at the end of last month.

However, the chances of an acceptable end to the negotiations have been set back by latest announcement of big job cuts in the West German steel industry.

WEST GERMAN RIGHT STEPS UP CALLS FOR SALES TO SAUDI ARABIA

Pressure grows for arms sales

BY DAVID MARSH IN BONN

WEST GERMAN right-wingers maintained pressure yesterday for Bonn to authorise arms deliveries to Saudi Arabia as Mr Chaim Herzog, the Israeli President, continued his emotion-charged visit to the Federal Republic.

Mr Herzog, making the first trip to West Germany by a head of the modern Israel state, was flown yesterday to the city of Worms in the Rhineland Palatinate. He toured the Jewish cemetery and rebuilt synagogue, burnt down by the Nazis on the infamous Crystal Night of 1938 and rebuilt in 1961.

The city, a focal point of the Jews' tormented history in Germany with religious and cultural roots going back 1,000 years, counted 1,100 Jewish people in 1933 when Hitler came to power. Mainly reflecting deportation and murder under the Nazis, today it counts only four families maintaining the Jewish faith – not enough to keep going a religious community.

Mr Herzog said Worms had been a symbol for the way Germans and Jews had lived together over the centuries, for good as well as for ill.

In line with the sensitive nature of his visit, the debate over whether West Germany should become a major weapons supplier to Riyadh, a perennial sore point to complex German-Israeli relations in recent years, has intruded only marginally into the political discussions this week with Mr Herzog.

But the embers of controversy were given a further raking yesterday by Mr Franz Josef Strauss, Prime Minister of Bavaria and leader of the Christian Social Union (CSU) coalition party.

Writing in his party's newspaper, The Bayerkurier, Mr Strauss stuck firmly to the line that West Germany's Nazi past should not allow West Germany to be treated any differently from other Western countries which compete to sell modern weaponry to Saudi Arabia.

Mr Strauss is playing no direct part in the West German Government after failing in his attempt to become Foreign Minister after the January general elections. But his influence still surfaces in Bonn, notably through the views of CSU ministers such as Mr Hans Klein, the new Development Aid Minister, who also this week termed as "sensible" the idea of weapons sales to Riyadh.

Mr Strauss said a stronger German role in Saudi Arabia's defence efforts would bolster the country's stability, which would be in the interest not only of the West but of Israel itself.

Mr Strauss also defended the Germans from judgments based on the Nazi past. The overwhelming majority of Germans had nothing in common with anti-Semitism, he said.

Czech dissidents optimistic about Gorbachev Prague visit

BY LESLIE COLITT IN PRAGUE

THE Czechoslovak dissident movement is more optimistic about possible political and social change in the country than at any time since the Soviet Union quashed the reformist "Prague Spring" in 1968.

Their hopes, in an ironic twist of history, lie with the reform-minded Soviet leader Mr Mikhail Gorbachev. He is expected to begin an official visit to Czechoslovakia today, after a postponement of several days, due to an illness.

"I don't think he will change our leadership by coming here, but he can nudge them in a certain direction," said Mr Jiri Dienstbier, a prominent member and former spokesman of the Charter 77 civil rights organisation.

"He can do the most by not saying, for example, that August 21 (when Soviet-led troops occupied Czechoslovakia in 1968) was a good thing. That would raise the population's spirits," he suggested.

Mr Dienstbier, a former communist journalist, and most of the 1,000 signatories to Charter 77 are Mr Gorbachev's most avid supporters in Czechoslovakia. They have thought it would take at least another 30 years before wide-ranging reforms came about in the Soviet Union.

"Some people here, of course, are naively hopeful of what Mr Gorbachev can change," Mr Dienstbier said.

"There are also many who are sceptical that he (Mr Gorbachev) can change anything either at home or in Czechoslovakia," he added.

But most Czechoslovaks are deeply curious about the Soviet leader, avidly following his speeches on Soviet television which is beamed to Czechoslovakia. The Czechoslovak dissidents note that Soviet films playing in Prague are drawing large audiences for the first time since 1968.

Many Soviet films were boycotted by Czechoslovaks after the Warsaw Pact occupation.

The pro-Russian sentiments which Mr Gorbachev has generated in Czechoslovakia are reminiscent of the feelings which existed in Czechoslovakia toward Russia until Stalinist rule in Czechoslovakia and the show trials in Prague in the early 1950s.

Community exports decline 10%

By Quentin Peel in Brussels

A SLOWDOWN in industrial production and decline in EEC exports to the rest of the world underlined weaker economic growth in the Community in the second half of 1987.

Exports from the 12 member states, averaging Ecu 28bn ($30.9bn) a month, declined 10 per cent in value terms and 5 per cent in volume between 1985 and 1986, according to Eurostat.

Exports to developing countries were down most sharply by 17 per cent and to industrialised countries down only 6 per cent.

Imports at an average Ecu 25bn a month in the three months to January were down 20 per cent in value terms, but actually up slightly in volume.

France plans upgrading of nuclear forces

BY OUR FOREIGN STAFF

FRANCE IS set to approve plans for a major upgrading of its nuclear strike force under a five-year military spending programme currently before parliament.

The programme calls for FFr 474bn (£48.2bn) to be spent on weapons procurement up to 1991 to prepare the armed forces for the next century.

It looks set to be approved today at the end of a two-day debate since only the pro-Soviet Communist Party has opposed it.

Under the plan, France will spend 32 per cent of the total or FFr 151bn, modernising its independent nuclear deterrent. A key theme of the programme is updating nuclear warheads and delivery systems to take account of future anti-missile defences.

It will also give France its first military spy satellite and proposes new submarine — and ground-launched missiles.

● France and West Germany yesterday signed an agreement stepping up co-operation between their police forces in the hunt for terrorist groups, Reuter reports from Paris.

West German Interior Minister Friedrich Zimmermann said the agreement effectively formalised exchanges of information and help which were already taking place and included "some new things."

Space station plans in jeopardy

Peter Marsh on docking problems besetting the Soviet programme

A REPEAT of the failure by a Soviet scientific spacecraft to dock with Mir, the country's main space station, "could be a body blow" to its ambitious extraterrestrial programme, according to Mr James Oberg, an authority on the Soviet space programme.

Mr Oberg, who works at the US National Aeronautics and Space Administration's Johnson Space Centre in Houston, said that further docking problems could impede the Soviet Union's plans to add more modules to Mir.

This would reduce the potential of the station to conduct scientific experiments in a variety of areas including low-gravity crystal growth and observation of the Earth's surface.

Soviet space engineers are expected within the next few days to attempt another docking between Mir, a 21-tonne cannister which has been in orbit since February 1986, and the unmanned scientific module, called Kvant, which was lifted into space on March 31 this year.

Mir is occupied by two cosmonauts, Yuri Romanenko and Alexander Laveikin, who have been in the station since February.

The earlier docking attempt, last Sunday, failed as a result of what appears to have been a fault in Kvant's automatic docking system. The 12-tonne Kvant laboratory, which is packed with astronomy equipment, some of it produced by scientists in Britain, West Germany the Netherlands and at the European Space Agency, came to within 200 metres of the station but failed to complete the manoeuvre.

Mr Oberg said that one possibility was that a new docking system, in use with Mir but not with the previous generation of Soviet space stations, the Salyut series, had malfunctioned.

The new system, called Kurs, relies on radar and optical sensors to line up two spacecraft in orbit so that docking can occur. It is believed to be an advance on the older equipment called Ingla, which was in use with the Salyut stations.

Kurs is expected to be highly important in that Mir has six docking ports, four more than the Salyut stations. Of these, the last, Salyut 7, is still in orbit, though not in use.

According to Mr Peter Smolders, a Dutch journnalist who monitors the Soviet space programme, Soviet engineers plan to join Mir to a number of specialist laboratories. The next such module, due to enter orbit next year, is likely to carry cameras and other equipment for taking high-resolution pictures of the Earth.

Mr Geoffrey Perry, a member of the Kettering group, a team of amateur space enthusiasts, said if a further docking attempt with Kvant failed then the Soviets might be faced with abandoning the module. The laboratory relies for power on batteries, rather than solar panels, which are likely to run out within a few days.

Brazil in clash on debt payment suspension

BY STEWART FLEMING, US EDITOR IN WASHINGTON

GOVERNMENT officials from leading industrial countries and Brazil clashed yesterday in Washington on how to negotiate their way out of the stalemate surrounding the Latin American borrower's decision in February to suspend payments on its medium and long-term international debt.

A senior British treasury official, asked about the Brazilian debt situation insisted that the Brazilian debt problem cannot be solved "without an agreement between Brazil and the International Monetary Fund (IMF).

In response to the argument that Brazil is implementing economic adjustment policies of the sort which its international creditors favour but cannot acknowledge—because of possible domestic political repurcussions—the British official said: "I do not think they are doing enough internally anyway. Since the failure of the Cruzado Plan the Brazilian situation leaves quite a bit to be desired."

But, in what appeared to be an effort to leave open the posibility of a compromise, he added that in the past industrial country creditors have been ready in the Paris Club to take account of a borrowers' domestic economic policy adjustments which are not backed up by an IMF agreement.

The official's comments followed remarks earlier in the day from Mr Dilson Funaro, the Brazilian Finance Minister, who sharply criticised the economic adjustment policies of the IMF arguing that its policies had contributed to Brazil's inflation and insisted that Brazil should not be put in the position of negotiating its economic policies with commercial bank lenders.

He maintained that Brazil's lenders should accept the economic results the Government is projecting, including the achievement of a $8bn (£5bn) surplus on its external accounts, and that Brazil should not be pressured into trying to achieve a bigger short-term surplus which could not be sustained and which would be damaging to investment and economic growth in the longer term.

US plays down spy row for Shultz visit

By Lionel Barber in Washington and Patrick Cockburn in Moscow

US officials yesterday played down the spy scandal involving US Marines in Moscow and said they hoped for progress on arms control when Mr George Shultz holds talks with the Soviet leadership next week.

The US response followed criticisms by Mr Vladimir Petrovsky, the Soviet Deputy Foreign Minister, who said in Moscow that some people in Washington were trying to poison the atmosphere between the two countries by exaggerating the scandal.

Mr Petrovsky said President Reagan's remarks on Tuesday were "hostile." Mr Reagan said the Soviet Union would not be able to occupy its new embassy in Washington until the US was sure its planned embassy in Moscow was free of listening devices.

The Soviet authorities are showing signs of concern that the embassy spy scandal could reduce the political momentum in Washington for an agreement on the abolition of Intermediate Nuclear Forces (INF) in Europe.

"We are preparing with great responsibility for the visit of Mr Shultz," Mr Petrovsky said.

"We attach great significance to arms control and we hope that this time the Americans will not come to Moscow empty-handed. It is important that the climate should not be poisoned by a propaganda campaign."

Tim Coone reports on a delicate balancing act between debt talks and elections

Argentina gambles all on a trade unionist

ARGENTINA'S crucial negotiations with its creditor banks this week entered their final and most delicate stage. The country's two key ministers, Mr Juan Sourouille, the Economy Minister, and Mr Mario Brodersohn the Finance Minister, are in the US to nurse through the final stages of the talks, while in Buenos Aires another man has appeared on the scene with the power either to consolidate the Government's economic programme or dash it to smithereens.

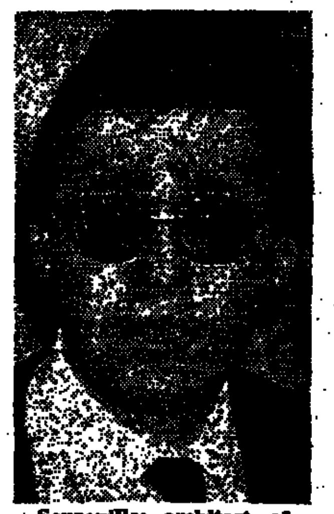
Mr Carlos Alderete, a trade union leader, was appointed last week as the country's new Minister of Labour. The Government has pinned its hopes on him to forge a "social contract" between the administration, the unions and business leaders.

If the move is successful, maybe six months or more of relative calm lie ahead on the labour front—sufficient to see the Government through all-important mid-term elections. If the pact fails to materialise, Mr Alderete will probably be the shortest serving minister in President Raul Alfonsin's economic cabinet and a tidal wave of industrial action can be expected.

The Argentine trade unions have been deeply antagonistic to the Government's anti-inflation strategy. Mr Saul Ubaldini, leader of the powerful General Confederation of Workers (CGT) has led eight general strikes against the economic policy popularly known as the Austral Plan, now in its second version following a new price and wage freeze imposed in February.

The inclusion of what some regard as a trade union Trojan horse within the cabinet is being interpreted in one of two ways. Either it is a highly skilful piece of political footwork by the Government to divide the unions and Peronist opposition in the lead up to the September elections, or it is an act of desperation to win the ruling Radical Party a few months' breathing space in both the international and domestic arenas. It could, of course, be both.

Frictions have been apparent already. On at least half a dozen occasions since being appointed, Mr Alderete has publicly insisted that a general wage rise is imminent to compensate for the erosion of incomes in January.



Sourouille: architect of economic plan

In total contrast Mr Sourouille, architect of the economic plan, and Mr Jose Luis Machines, president of the central bank, have both insisted that there will be no relaxation of the price and wage freeze until July at the earliest.

Mr Alderete has the backing of a powerful sector of the trade union movement which is opposed to Mr Ubaldini's leadership of the CGT. However, the CGT cautiously supported Mr Alderete's appointment on the expectation that important concessions will be made on incomes policy. It is difficult therefore to envisage a social contract being established without some flexibility on wages before July.

The Government's predicament spills over into its debt negotiations: $2bn in fresh money is needed from the creditor banks for a $1.38bn standby loan from the International Monetary Fund to be disbursed, and to make ends meet this year and next. Inflation and government spending controls are key factors in Argentina's agreement with the IMF. Major wage concessions now could therefore drive a coach-and-horses through the Government's planning targets, cause the IMF to suspend or postpone disbursement of its loan and torpedo the bank negotiations.

The US Government has applauded Mr Sourouille's high-wire act and pulled out all the stops to support him.

If negotiations drag on, an economic crisis will hit the ruling Radicals exactly when they least can afford it — in the middle of an election campaign. As reserves dwindle, the Government's position on the debt may harden.

It all comes back to Mr Alderete. If the Government stands firm on wages, he may decide to abandon his new post under pressure from the rank and file. A sharp escalation of labour unrest would then be inevitable. If the banks also stand firm, there would be little hope for a continuation of President Alfonsin's present economic strategy. Winning the elections and not economic policy will become the government's immediate goal.

CIA nominee pledges to co-operate with Congress

BY LIONEL BARBER

JUDGE William Webster, the FBI director nominated to be the new head of the Central Intelligence Agency, yesterday pledged to co-operate with Congress in sharing sensitive details of covert US operations.

Mr Webster, who is expected to win confirmation, gave unequivocal backing to Congress's powers of oversight on intelligence matters and said he would resign if a President refused to accept his advice on the need for notification.

The oversight issue has become controversial in the wake of disclosures that President Reagan failed for at least 11 months to notify Congress of secret arms sales to Iran between January and November last year.

Mr Webster, widely credited for reforming the FBI during his nine years as director, appeared to have learned from the experience of Mr Robert Gates, the deputy CIA director who was forced to withdraw his nomination last month. His action discloses that he had failed to notify Congress of the Iran arms sales and that he may have changed an intelligence assessment of the Soviet threat to Iran to suit the Reagan Administration.

Mr Webster, appearing before the Senate Intelligence Committee, was questioned about his contacts with Mr Edwin Meese, the US Attorney General, before the disclosure that up to $30m (£18.6m) of secret profits from arms sales to Iran had been diverted to the Nicaraguan Contra rebels.

Group of Seven 'should hold key'

By Philip Stephens

Italy yesterday called in Washington for the pivotal role in international economic co-operation to be given to the Group of Seven industrial nations.

There was no immediate reaction from other governments to the Italian proposals, but it is clear that members of the Group of Five nations, which makes up the Group of Seven with Italy and Canada, are anxious to defuse the political row which erupted in Paris before the summit meeting in Venice in June, which will be hosted by Italy.

Colombia rebels in attacks

EIGHT guerrillas, three policemen and two civilians were killed in a spate of leftist rebel attacks in north-eastern Colombia, Reuter reports from Bogota.

A column of National Liberation Army (ELN) guerrillas raided the village of Puerto Rondon, in Arauca district, and attacked a police station with rockets and grenades.

Two of the 20 policemen defending the building were killed and police said eight rebels died.

One passenger of a small plane was killed when guerrillas opened fire on it at the local airport.

At the same time, another ELN column blew up a police van near Cubara, between Arauca and Baoyaca province, killing one policeman and a civilian woman.

The ELN, which has always shunned government peace offers, has stepped up its anti-government campaign in recent months.

Japan semiconductor cutbacks criticised as 'counterproductive'

BY LOUISE KEHOE IN SAN FRANCISCO

JAPANESE moves to cut semiconductor production and export in an effort to stave off US trade sanctions are "counter productive," and could "exacerbate trade tensions," US semiconductor industry officials said yesterday on the eve of emergency US-Japanese trade talks on the trade dispute.

Mr Makoto Kuroda, the Japanese Vice Minister of Trade will begin meetings with US officials in Washington today.

He is expected to ask the US to revoke proposed import tariffs on $300m of Japanese electronics goods, announced by President Ronald Reagan last week in retaliation for alleged Japanese violations of last year's bilateral semiconductor trade agreement.

Mr Kuroda is said to be planning to present new evidence that Japanese semiconductor producers have stopped "dumping" chips.

He is, however, unlikely to be able to persuade the US Government to cancel or delay the tariffs, US trade and industry officials said.

"Japanese government action that would restrict the flow of semiconductors to world markets is not what is needed to resolve this problem," said Mr Andrew A. Procassini, president of the influential Semiconductor Industry Association trade group, which has represented US chip makers throughout the dispute.

"Quantitative restrictions by Japan on semiconductor exports would threaten to create artificial semiconductor shortages outside Japan," Mr Procassini asserted. "Such a condition would only exacerbate the trade tensions that already exist."

US semiconductor industry executives privately accused the Japanese of attempting to force a split between US chip manufacturers and buyers, who to date have been united in their support of the US Government's threat to impose import tariffs on Japanese electronics goods in an attempt to force Japanese firms to comply with the trade agreement.

"Lack of compliance with the agreement has left the US Government with no choice at this time but to act decisively," said Mr Procassini.

The semiconductor trade agreement was aimed at stopping Japanese dumping and opening the Japanese market to foreign chip suppliers, Mr Procassini added.

"The objective is to restore free trade, not to introduce further government intervention in this trade," he said.

Boeing blamed for crash

BOEING, the aircraft manufacturer, yesterday declined comment on a Japanese government report that blamed faulty repairs by Boeing, in part, for the 1985 crash of a Japan Ir Lines (JAL) 747 aircraft which killed 520 people, Reuter reports from Seattle.

A spokeswoman at the company's headquarters said she could not comment on the draft report because Boeing had not seen it.

Ms Elizabeth Reese, Boeing spokeswoman for its 747 aircraft programme, also said the company had been instructed by the Japanese Aviation Accident Investigation Commission not to respond to questions about the report until the document was officially released.

Ms Reese also said Boeing was reserving comment in light of pending litigation. About 70 families of crash victims have sued Boeing in connection with the disaster.

OVERSEAS NEWS

Mubarak emerges clear winner in Egyptian poll

BY TONY WALKER IN CAIRO

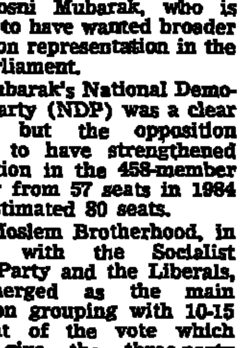
EGYPT'S ELECTIONS this week appear to have produced a satisfactory result for President Hosni Mubarak, who is thought to have wanted broader opposition representation in the new parliament.

Mr Mubarak's National Democratic Party (NDP) was a clear winner, but the opposition appears to have strengthened its position in the 458-member chamber from 57 seats in 1984 to an estimated 80 seats.

The Moslem Brotherhood, in alliance with the Socialist Labour Party and the Liberals, has emerged as the main opposition grouping with 10-15 per cent of the vote which should give the three-party alliance about 60 seats.

The New Wafd, which together with the Moslem Brotherhood, formed the main opposition in the last parliament, was close to winning just over 8 per cent of the ballot. This is the minimum national vote required to gain representation in parliament.

Voting on Monday was accompanied by widespread opposition allegations of ballot rigging and intimidation by officials of the ruling NDP. The authorities denied the allegations.



Mubarak—few problems

Western officials say the poll result produced no real surprises. The relatively strong showing of the Moslem Brotherhood confirmed earlier predictions.

Mr Mubarak's party is expected to end up with more than 350 seats in the new parliament compared with 391 seats in the 1984 election. With more than 80 per cent of votes counted, the NDP had taken 75 per cent of ballots cast.

About 7m of Egypt's 14.4m eligible voters went to the polls, according to the authorities. The turnout in the cities was about 30 per cent compared with 80 per cent in the countryside.

Enlarged Moslem Brotherhood representation in the new parliament is likely to result in more spirited discussion about the implementation of Islamic law in Egypt. The alliance of the Moslem Brothers, the Socialist Labour Party and the Liberals campaigned strongly on the need to apply Sharia.

The ruling NDP will, however, remain firmly in control of the 458-member chamebr (10 representatives are appointed by the President). 400 of these seats are allocated according to the party lists on a proportional voting system. A new electoral law made provision for 48 independents in the new chamber.

Mr Mubarak was not a candidate in these elections, even though he campaigned actively on behalf of NDP candidates.

The new parliament is expected to nominate Mr Mubarak as sole candidate for President later this year. This requires a two-third majority in the People's Assembly.

Iran thrust takes troops closer to Basra

By Richard Johns

ONE OF three Iranian thrusts towards Basra on Monday penetrated Iraqui lines to a distance of 1 km but the other two were effectively parried, according to Western intelligence analysts.

US satellite pictures show that the Iranian build-up east and north of Basra is continuing, indicating that the attack code-named "Kerbala-8" could involve a period of concerted pressure following a month's lull in the fighting.

The attack was launched between Fish Lake, Iraq's man-made water barrier, and the Shatt al Arab waterway. The Iraqui regime appeared yesterday to be fairly relaxed about the resumption of hostilities which was followed by renewed attacks on Iranian oil traffic.

The official Islamic Republic news agency reported from Tehran yesterday that Iranian troops were consolidating new positions. It also claimed they had inflicted heavy casualties on the Iraqis on the second day of the latest ground offensive.

Baghdad retorted by saying that Iraqi forces had repulsed the latest attacks and were counter-attacking to drive the Iranians from "few footholds" gained.

The Iraqi news agency reported two Iranian F-5 fighters had been shot down over the southern front. Tehran denied the claim.

Francis Ghiles reports on an improvement in the Kingdom's fortunes

Morocco reaps a plentiful harvest

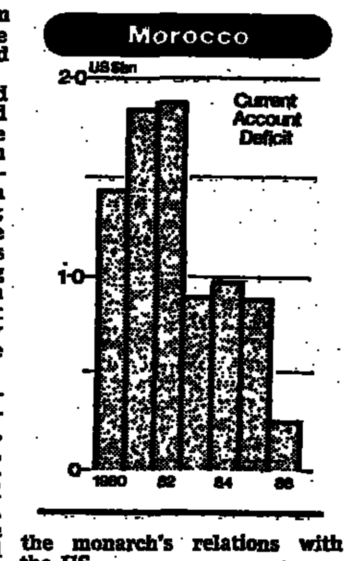
EVENTS have turned in Morocco's favour since the buffeting its economy received between 1977 and 1984.

Plentiful rains have reduced the need for cereal imports and given a much-improved income to that half of the population which lives on the land; the collapse in oil prices has cut $500m off the $1bn plus oil import bill; the decline in the value of the dollar and US interest rates has alleviated the cost of servicing what nonetheless remains a very heavy foreign debt at SDR 13.6bn ($17.27bn), roughly equivalent to Morocco's whole gross domestic product.

Moroccan workers' remittances from abroad are expected to reach $1.5bn this year, tourism continues to grow, helped by a depreciating dirham, exports of agricultural produce and manufactured goods are making a respectable showing—all these have helped reduce the current account deficit from nearly $1bn in 1983 to $250m last year.

The Moroccan Government won a breathing space last month with the rescheduling of $900m worth of official government to government debt at the Paris Club, following the rescheduling of $1.6bn worth of principal bank debt

The US, France and Italy have made further aid pledges worth $100m. The whole rescheduling package was helped by King Hassan's denunciation last August of the two-year-old treaty of Oujda which committed him to an alliance with the Libyan leader Colonel Nuammer Gadaffi and badly damaged the monarch's relations with the US.



The Moroccan sovereign is now fully restored as a paramount US friend in Africa

But the cost of servicing Morocco's debt is still high — $1.6bn in 1987. The price of phosphate rock, until recently its major hard income earner, remains low, and the conflict over the future of the Western Sahara continues to weigh on the exchequer.

Despite the upturn, King Hassan has resisted the temptation to relax the programme of austerity which his Government has pursued under the aegis of the International Monetary Fund and the World Bank these past three and a half years.

The budget deficit has been trimmed from 12.6 per cent of GDP in 1982 to 6.4 per cent last year, which suggests that the IMF target of 5.7 per cent this year is within reach. But arrears to state-owned companies are running at Dirhams 9bn ($1.07bn), while arrears owed to foreign creditors still amount to some $500m.

The exercise of putting its house in order is proving both painful and slow following the profligacy of the late 1970s. The civil service has virtually halted recruiting since 1984 and real wages for all those employed by the state have declined in real terms.

Austerity has forced the state to slash its investment budget: targets for investment published every year when the budget is submitted to parliament have traditionally proved far too optimistic. New investment appears to have amounted to no more than Dirhams 4bn ($475m) in 1986 and 1987 despite a figure of Dirhams 20bn mentioned in the budget.

So low a figure, even if Dirhams 3.5bn worth of private investment is added, will inevitably sharpen social tensions in the longer term. Fully one-quarter of Morocco's workforce is unemployed or severely underemployed and one in three of new entrants to thet labour market cannot find a job. The outlet of emigration (860,000 Moroccans work in Western Europe and Libya) has been virtually closed.

One of the sternest challenges which faces Mr Mohamed Berrada, who was appointed Minister of Finance a year ago, is that of widening the revenue base. This is no easy task in a country where farmers were granted a tax holiday in 1984 until the year 2000 to help them recover from the effects of the droughts of 1979-83.

Other important sectors pay virtually no tax (real estate and building, the source of considerable quick profits, and tourism) a point of considerable concern to the World Bank. A start has been made with the introduction last April of value added tax

Major strides have been made in cutting back the cost of subsidies on major foodstuffs and it would no doubt be foolhardy for the Government to press further at present. Senior officials in Rabat argue that they cannot undertake reforms too fast at the risk of undermining the king's authority and threatening social peace: such arguments have too often in the recent past been an excuse for procrastination—less so today.

A World Bank report earlier this year pointed out that, even if the higher growth continues, the country will require "substantial amounts of capital to meet heavy debt service obligations and permit an expansion of the tightly constrained investment programme."

If the reforms which have been initiated succeed, King Hassan's rule will be consolidated and the reputation of the IMF and the World Bank enhanced. Much will also depend on the wider political horizon—improving relations with Algeria will require imaginative and bold moves.

Aquino appeals for peace in Mindanao

By Richard Gourlay in Manila

PRESIDENT Corazon Aquino yesterday appealed for peace between Christians and Moslems on the eve of renewed negotiations with rebels who have been fighting sporadically for autonomy in the southern island of Mindanao for 14 years

The appeal came amid signs that Moslem rebels of the Moro National Liberation Front (MNLF) are growing increasingly restless at the lack of progress in the talks that started in January in Jeddah. Several marines were killed this week in clashes with MNLF rebels outside Zamboanga the capital of Mindanao, in the first clashes since Mrs Aquino and Moslem leaders agreed a temporary ceasefire

MNLF leaders have threatened a resumption of war if the government fails to agree to autonomy for all Mindanao before congressional elections in May.

S Korea plans sharp cut in debt burden

BY MAGGIE FORD IN SEOUL

SOUTH KOREA plans to try to hold its 1987 trade surplus to $5bn (£3.1bn) and to reduce its foreign debt burden from 50 per cent of gross national product to 20 per cent by 1991.

Mr Kim Mahn Je, deputy prime minister and chief economic minister said yesterday that the surplus was growing faster than expected and was likely to cause increasing friction with the country's trading partners.

The Government now plans to try to improve South Korea's international image by taking a more positive approach to opening its markets to foreign goods by reducing both tariffs and non-tariff barriers. The effort would focus on manufactured goods and services, he said.

Reduction of the country's $41bn foreign debt, the fourth highest in the world, remained a priority, Mr Kim said. It meant the economy was too vulnerable to international conditions.

Describing South Korea's economic prospects as bright, Mr Kim said that the official growth forecast remained at 8 per cent but that private estimates put likely growth in 1987 at 9 to 10 per cent. Last year's figure reached 12.5 per cent.

● Mr Kim Dae-Jung and Mr Kim Young-Sam, South Korea's two leading dissidents, announced yesterday they are to form a new political party with the support of 74 lawmakers to oppose President Chun Doo-Hwan, AP reports from Seoul.

The 74 National Assembly members switched their allegiance from the New Korea Democratic Party, which had been the country's main opposition group. Mr Kim Young-Sam said some of the remaining 16 federal legislators in the party also were expected to change.

Fighting erupts in S Lebanon

FIGHTING BROKE out yesterday between Palestinian guerrillas and Shi'ite Moslem Amal militiamen near camps in South Lebanon as Syria prepared to extend its military presence at Beirut's settlements, Reuter reports from Beirut.

In the southern port of Sidon clashes involving rockets and heavy machine-gun fire erupted suddenly between the guerrillas and Amal in more than four villages to the southeast. The villages overlook the refugee camps of Ain al-Hilweh and Miyeh Miyeh and the highway between Sidon and the port of Tyre further south.

Black Africa may see modest recovery

BY PETER BLACKBURN IN ABIDJAN

DEVELOPING Africa is expected to make a modest recovery in 1987 provided economic adjustment policies are vigorously pursued, according to a joint report by the African Development Bank (AFDB) and the UN Economic Commission for Africa.

Real growth of 2.5 per cent is forecast as good crops continue but this could rise to 4 per cent if export markets improve and investment is not constrained by debt servicing, the report says.

Real growth of 1.2 per cent in 1986, down from 2.8 per cent the previous year, was described as "disappointing" by Mr Babacar N'Diaye, the AFDB president, who presented the report in Abidjan this week.

Performance varied considerably, ranging between the 0.8 per cent decline recorded by oil exporters and 4 per cent growth of non-oil exporting countries.

The poor performance in 1986, well below the population growth rate, is a "vivid reminder" that the roots of Africa's economic crisis are "deeper than the temporary disruption of the weather cycle," the report says.

The collapse in oil prices created special problems for African oil exporters whose combined export earnings fell 44 per cent to $27bn in 1986.

Overall export earnings fell by an estimated 28.7 per cent, the largest drop in a single year since 1950.

In spite of efforts to compress imports the trade balance switched to a deficit of $7.1bn in 1986 from a surplus of $5.9bn the previous year.

Black Africa's overall debt rose 8 per cent to an estimated $175bn at the end of 1986 and "more and more countries had to resort to debt rescheduling exercises that provided only temporary relief."

Mr N'Diaye described a French proposal that the Paris Club should extend the repayment period in rescheduling agreements as "a big step" though much more "can be done."

He suggested that Africa should follow the Latin American example and hold a privately organised debt conference. "Debt is rescheduled on a case by case basis but African countries have many common debt problems and would benefit from an exchange of experiences and better co-ordination," he said.

Some 64 per cent of the $128.1bn of the five year 1986-90 UN programme of action for African economic recovery and development is to be locally financed and the report discusses ways of stimulating African public and private sector savings.

Ericsson wins first exchange contract in US

BY KEVIN DONE IN STOCKHOLM

ERICSSON, the Swedish telecommunications group, has won its first commercial order for digital public telephone exchanges in the fiercely contested US market.

It has been awarded a contract from US West, one of the seven regional Bell operating companies, to supply its Axe local exchanges for use in the state of Idaho.

It is understood that the order is worth in excess of $20m (£12m) and is the largest Ericsson has so far received in the US. The contract was won in competition with all the main foreign telecommunications groups currently seeking to gain a foothold in the US market as well as the established suppliers AT&T and Northern Telecom.

The equipment will be used by Mountain Bell, one of US West's three operating companies, to replace more than some 52 older electro-mechanical exchanges in Idaho as part of a five-year programme to convert a substantial part of the state's telephone network from analogue to digital technology. Mountain Bell said the contract was for the supply of 50,000 lines.

The first exchange will go into service before the end of the year, and the project should be completed by the end of 1991.

Mr Peter Thomas, chief executive of Ericsson's North American subsidiary, said the Idaho contract was "an important milestone" in the group's attempt to break into the market to supply local exchanges to the Bell operating companies.

Ericsson has come furthest with US West, but it has previously secured a local exchange field trial in New York with Nynex, and has won small contracts for other applications of its Axe switch with Southwestern Bell (two STP switches) and Bell South (trials for an integrated services digital network).

US 'not to proceed' with Petrofina fine

By Lucy Kellaway

PETROFINA, the Belgian oil company, yesterday announced that the US Government had decided not to proceed with a $841m (£526m) fine for alleged violation of oil price controls.

In January an unauthorised leak from the US Department of Energy revealed that the Government was considering imposing what would have been one of the largest fines ever for infringing US oil price controls, which were lifted in 1981.

Mr Joe Moss, vice president of American Petrofina, the company's US subsidiary, said yesterday that in 1982 the company had agreed to pay a $14m fine for overcharging. He said this settlement barred any further action against the company, unless it could be proved that it had deliberately concealed information from the Government.

"The Department has concluded that we did not conceal any information," he said. The alleged violations occurred in 1979 and 1980 when American Petrofina had allegedly overcharged for sales of oil, and had concealed the price by creating "daisy chains," whereby the oil was sold several times over.

Since January discussions were believed to have been held between the Department of Energy and American Petrofina, which were expected to result in a lower settlement than the full $841m. However, Petrofina said yesterday that it had been cleared altogether, and had been informed by the Department of Energy that no action would be taken against the company.

EEC pushes the boat out for a hard sell

By Quentin Peel in Brussels

THE EUROPEAN Commission is pushing out the boat —literally for once — in an effort to boost the involvement of European companies in South-East Asia.

The idea is to promote EEC expertise in urban development — everything from urban transport systems to water supply, housing and hospitals — with a floating exhibition ship.

The Commission has chartered the World Wide Expo, a Danish ship, to carry an exhibition called City 2000.

The ship will visit all six member states of the Association of South East Asian Nations (Asean) — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — during January next year. Simultaneous conferences on aspects of urban development are to be held in their capitals to coincide with the ship's arrival.

The initiative is being organised on behalf of the Commission by the Netherlands Council for Trade Promotion in The Hague, and follows a joint EEC-Asean report which berated the low level of European involvement in the region, compared with US and Japanese concerns.

The Commission is subsidising the venture, but the price for a basic package for exhibitors, including a booth a single cabin and three first class meals a day for the duration, is Ecu 19,800 (£13,960). In fine European style, bills will be submitted in Ecus.

DFDS plans to upgrade Copenhagen, Oslo service

BY KEVIN BROWN, TRANSPORT CORRESPONDENT, IN HAMBURG

DFDS SEAWAYS, the Danish ferry operator, is planning to spend up to £120m ($187m) to upgrade its services between Copenhagen and Oslo.

Mr Niels Bach, president of DFDS, said the company was considering various proposals to refurbish or replace the two ships operating on the route, the Dana Gloria and Dana Regina, each capable of carrying around 1,100 passengers.

Mr Bach said the cheapest option would be to lengthen the two existing ships, at a cost of around £15m each. Second-hand ships could probably be purchased for around £30m each.

The most expensive option being considered is the construction of two new ships, at a probable cost of around £60m each. This proposal could be the easiest to finance, however, because of the cheap credit available from many shipyards.

Mr Bach said a decision on which option to pursue would be taken in the summer. The new ships will be substantially bigger than the two in operation.

The plan to upgrade the Copenhagen to Oslo service marks the latest stage of a recovery by DFDS from serious financial problems caused by a disastrous attempt to launch a New York to Miami roll-on, roll-off car ferry service in 1982.

The company lost £21m on the venture because of problems in attracting customers and difficulties with US shipping law. Much of the DFDS fleet was subsequently sold, but the company broke even in 1985 and returned to profit in 1986 when it made around £10m before tax.

DFDS has also taken steps to improve the service on its profitable Harwich to Hamburg route with the introduction of the 13,141 gross tons MS Hamburg.

The Hamburg, purchased from Jahre Line, of Norway for £18m, has been extensively refurbished at the Hamburg shipyard Blohm and Voss at a cost of around £3m.

The introduction of the ship doubles freight capacity on the route and increases passenger capacity by around 60 per cent to more than 1,000.

DFDS has been at the centre of a row in Hamburg over its decision to register the ship under the Bahamas flag of convenience. The Prinz Hamlet, the previous DFDS ship on the route, was registered in West Germany.

The company says the Bahamas flag will give it more flexibility in using the ship on different routes. It also facilitates the use of a part-Filipino crew.

Mr Bach said the number of passengers travelling between Harwich and Hamburg had increased from 115,000 in 1981 when the route was taken over from the West German company Prinz Ferries, to 145,000 last year. The total is expected to rise to around 200,000 shortly, and DFDS hopes to introduce a second ship on the route in the next three years, Mr Bach said.

DFDS operates passenger ferries on a number of Scandinavian routes, as well as freight only services and cruise ships in the Caribbean and off the coast of Norway.

Michael Donne reports on a decision which reflects one of the problems of the aero engine business

Superfan—the paper engine which never took off

THE decision by International Aero Engines, the seven-company, five-nation consortium to suspend development of its proposed new Superfan engine will have more effect of the company's credibility than any impact on its technical activities.

The Superfan was only an idea for a new engine—a "paper engine" as the company describes it—but one which at 30,000 lb thrust appeared to offer significant potential as an alternative power-plant for new generations of airliners such as the four-engined long-range Airbus A-340 and the Boeing 7J7 150-seater airliner.

The immediate results of IAE's decision to scrap the Superfan means that the A-340 will now be offered solely with the Franco-US (Snecma-General Electric) CFM-56-5S3, already under development, while Boeing is going ahead with the General Electric GE-36 prop-fan for its 7J7.

Neither Airbus nor Boeing are bothered by the loss of Superfan—in fact, it simplifies the engine situation for the airlines.

Nor is there any change to IAE's own existing major programme, the smaller V-2500 engine of 25,000 lb thrust for the Airbus A-320 150-seat short-to-medium range airliner. That engine is already in manufacture, with nine engines running on the test beds and orders from seven airlines for a total of 184 engines firm with another 184 on option, worth over $1.6bn.

IAE, set up in 1983, will lose no money and will have wasted only a minimal amount of engineering resources. It will suffer perhaps little more than a credibility problem for permitting its ideas on Superfan to run away with it and become too publicly associated with Airbus and Boeing before enough serious technical work had been done to justify serious offers to either manufacturers and airlines.

The Superfan situation illustrates clearly one of the problems of the aero-engine business, in which ideas for new ventures are publicised worldwide in an effort to generate support before they get to the detailed design stage, let alone before any metal is ever cut.

The high costs of a new engine — up to $1bn in research and development — necessitate some commitments from potential customers before too much money is spent.

The Superfan was conceived some months ago when engineers in the partner companies involved, including Rolls-Royce with a 30 per cent stake and Pratt and Whitney of the US (the other partners are MTU of West Germany, Fiat Aviazione of Italy, and three Japanese aero engine companies) decided that, with the V-2500 going well, it was time to look at further extending the company's product line.

The idea of moving to "ultra high bypass" (UHB) engines seemed attractive. These are engines in which, by channelling a bigger volume of cold air round the hot core of an engine (where the fuel is mixed with compressed air and burned), and joining it up with the hot gas exhaust, more propulsive efficiency can be achieved for less fuel.

These big savings in fuel consumption (up to 40 per cent compared with existing jet engines) have attracted every engine company. The prop-fan concept now being exploited by General Electric in the US, for example, is a UHB engine, although its big propellers are not covered.

The IAE Superfan was intended to be a shrouded UHB, which meant it could be fitted under the wings of an airliner like an ordinary engine, whereas the GE prop-fan has to be fitted at the rear of the fuselage, for noise and safety reasons.

Superfan, with its promise of more power for lower cost, seemed sufficiently attractive to Airbus for its A-340, and also to Boeing for its 7J7 aircraft, both destined to enter service in 1992, to encourage them to offer it to the airlines for those aircraft, and to go ahead if the response was satisfactory.

It was not. Although some airlines indicated polite interest, none actually ordered it on either the A-340 or 7J7. They were mistrustful and wanted to see more than paper claims before making commitments.

Meanwhile, more detailed internal studies were being conducted by IAE's own engineers. While it appeared feasible to take the original V-2500 core and improve it to the higher thrust required for the Superfan engine, it could not be done in the timescale either Airbus or Boeing wanted.

An in-service date of 1992 meant flight by 1991, with engines becoming available even earlier, in late 1990. IAE was forced to recognise that it just could not be done. The changes needed were far too complex, involving new compressors and fans, together with new aerodynamic shapes for the engine and other technical changes.

Both Rolls-Royce and Pratt & Whitney therefore decided jointly to recommend to the IAE board at its meeting in Hartford this week that the Superfan plan should be dropped. The board agreed.

IAE will now proceed solely with the V-2500, whose future is not in doubt. It will continue with technical studies into UHB type engines, but only if it feels it has some major development breakthrough will it attempt to win airline interest.

The other engine companies, including Rolls-Royce and Pratt & Whitney, will continue their own individual studies into UHB engines for the 1990s, for the concept itself remains valid, as GE has already demonstrated in flight with its own GE-36 prop-fan.

GE in fact comes out of the IAE Superfan debacle well, for it now has not only its prop-fan as the sole engine for the Boeing 7J7 but also its share of the CFM-56-5S3 as the only engine on offer for the Airbus A-340.

CANADIAN AIRLINE ORDERS SIX BOEING 767s

CANADIAN Airlines International has placed a C$1.6bn (£760m) aircraft order with Boeing of the US, Bernard Simon reports from Toronto.

The Calgary-based carrier, formed by the recent merger of Canadian Pacific Airlines and Pacific Western Airlines, has ordered six extended-range Boeing 767-300ER aircraft and taken options on another eight.

The 300ER model is 21 feet longer than the standard Boeing 767 which entered service in late 1982 and has a range of 6,600 miles. The aircraft will be equipped with General Electric engines and financed by operating leases.

CAI also considered the European Airbus A-310 model. But Mr Rhys Eyton, the airline's chief executive, said that the range and capacity of the 767 suited the airline's long-haul domestic and international routes. The extended 767 will carry 210 passengers in three classes and have space for five more cargo containers than older 767 models.

CAI, which is Canada's biggest private-sector airline, is putting the finishing touches to plans for the integration of Canadian Pacific and Pacific Western services later this month. The new name was announced three weeks ago.

CAI operates 81 aircraft to destinations on five continents. The new wide-bodied aircraft will enable it to compete more aggressively with state-owned Air Canada.

● Portugal's "flag carrier" airline TAP has confirmed an order for three Airbus A310-300 aircraft. Reuter reports

TAP had also taken options on another two Airbus aircraft, either the existing A310-300 medium-range craft or the long-range four-engined A340 which Airbus hopes to launch in 1992, depending on the airline's needs.

UK NEWS

Labour would pursue close links with City

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

A LABOUR Government will seek a close, constructive relationship with the City of London, Mr Roy Hattersley, Labour's economics spokesman, said yesterday.

Mr Hattersley, who was addressing a meeting of foreign bankers, organised by the Financial Times, at the Mansion House in London, claimed that Labour's economic policy was "credible, effective and efficient". He had no doubts that, having been elected on a clear statement of the party's intentions, the City would want to work with a Labour government.

He acknowledged that while the party's idealogies might differ from those which prevailed in the City, each side had to judge the other on the evidence and he remained "confident that we will reach roughly the same result."

Mr Hattersley reiterated Labour's aim to reduce unemployment by one million jobs in two years, to revive industry in order to fill the gap left in the balance of payments by falling oil revenues and to redistribute income to ensure everyone benefited from the creation of new wealth.

He confirmed that Labour would take back the £3.6bn in lower taxes given to the top 5 per cent of taxpayers, although he emphasised that it would not reintroduce the pre-1979 tax regime of very high marginal tax rates.

Mr Hattersley said Labour would aim for a "prudent, overall macroeconomic stance". Its programme would raise gross domestic product by less than one per cent and the public sector financial deficit would be around 3.25 per cent instead of the present 2.25 per cent.

On exchange rates, Mr Hattersley said a Labour Government would not take risks with inflation through large devaluations but would rely on the traditional weapons of interest rate adjustment and the use of official reserves. On occasions, he said, "we may allow the currency itself to take any temporary strain."

Labour, he added, would also consider negotiating entry into the European Monetary System "at a competitive and sustainable rate". It would also introduce a much tougher system to regulate merger activity.

Excessive merger activity, he claimed, had led to "an obsession with short-term performance that is detrimental to the long-term performance of the economy as a whole."

Trade war with Japan could be disastrous, says CBI

BY IAN HAMILTON FAZEY

MR DAVID NICKSON, president of the Confederation of British Industry (CBI), said yesterday that he supported protectionist measures against Japan if fair trade could not be agreed willingly.

But he gave a warning that the consequences would be disastrous, "garrotting" world trade, wiping out Britain's 3 per cent growth rate, diminishing turnover and destroying jobs. He believed that Japanese business leaders – already worried by the value of the Yen – were equally concerned about the damage that trade sanctions would do.

Mr Nickson, who was speaking to members of the CBI's north-west region, criticised Japan's operation of existing agreements. "Why are they not more honourable in sticking to the agreements that they make?" he asked.

"Our experience of the Japanese is that they nod politely and do nothing. Unless the door is opened for us to ease through in a determined timetable, we shall have to consider protectionist measures," he added.

Mr Nickson will have a chance to make his points directly when he has talks with the CBI's counterpart in Japan next month. "I hope before then more sensible policies will prevail," he said.

He welcomed Japan's £3bn of investments in Britain, but said he could not accept that while Japanese banks operated freely in the City of London, and 50 Japanese companies elsewhere in Britain, free access to Japan was denied to British companies. The £80bn trade deficit with Japan was four-to-one in their favour.

"I would like to see a timetable established whereby they would set clear targets on the opening up of their market. We want to be able to invest in Japan, for British companies to go into joint ventures with Japanese counterparts," he said.

Teachers call further strikes

BY SALLY SELBY

THE TWO biggest teachers' unions in England and Wales announced a further wave of selective strikes yesterday in their continuing campaign of protest against the loss of negotiating rights.

The planned action will hit 13 areas and will involve at least 10,000 members of the National Union of Teachers (NUT) and the National Association of Schoolmasters/Union of Women Teachers (NAS/UWT). The week-long strikes will start on April 27 – the first week of the summer term at most schools and the key term for examinations.

Mr Fred Jarvis, NUT general secretary, announced the moves at a news conference yesterday with Mr Nigel de Gruchy, NAS/UWT deputy general secretary. Mr Jarvis said there were no plans at present to disrupt examinations.

Both unions have acted so far in the belief that disrupting examinations would lose them public sympathy. But in raising the prospect, the union leaders may hope to alarm government ministers, who show no sign of relenting over the imposition of a pay and conditions package which abolished direct negotiations on salaries and contract terms.

● Civil service unions will step up their strikes over pay today and tomorrow by calling out all members in Wales and north-west England, where selective action started this week.

British ports seek radical changes

By Kevin Brown

BRITAIN'S ports yesterday launched a strong attack on Government maritime policy in an attempt to secure radical changes in the statutory framework which governs the industry.

Sir Frederic Bolton, chairman of the British Ports Association (BPA), the industry trade organisation, called on the Government to:

● Privatise the 40 trust ports, operated under individual Acts of Parliament, to allow them to operate on equal terms with the 41 privately-owned ports;

● Abolish the scheme which has regulated employment and severance conditions for dockers for more than 40 years;

● Take action through the EEC to end state subsidies to continental ports, which the BPA claims distort competition;

Abolish light dues, the charges levied on shipping to finance navigational aids, which were increased by 14 per cent on April 1.

Sir Frederic told Lord Brabazon, the Shipping Minister: "I believe that you are embarrassed by this action – urged on you by officials – and I am convinced, along with most of Britain's trading interests, that you are misguided."

The National Association of Port Employers, (NAPE), an associate body of the BPA, is expected to publish shortly the results of a review of ports policy which call for major changes in the dock labour scheme.

Mr Ken Cooper, chairman of NAPE, said the industry could thrive only by offering services to customers at the right price.

"It is by this means, and not by the retention of narrow definitions of work, that we will reverse the decline in the number to whom we can offer secure employment," he said.

The number of registered dock workers fell by 12 per cent in 1986, and is expected to fall below 10,000 this year for the first time this century. The port operators complaints were largely dismissed by Lord Brabazon, although limited reforms are being considered.

Lord Brabazon said the Government was opposed to subsidies to continental ports which distorted the market.

City companies 'face horrific costs of trading technology'

BY ALAN CANE

ANXIETIES OVER the mounting cost of developing appropriate trading technology and of meeting new regulatory requirements now dominate planning in London's securities industry.

The price to be paid was horrific, but there was no alternative, delegates to a Financial Times conference on technology in the securities markets were told yesterday.

Ambitious investment banks or securities houses planning a presence in New York and Tokyo as well as London should be spending about £100m a year on technology, Mr Gordon Pepper, senior adviser to Midland Montagu, said.

He gave a warning that smaller firms might be forced to cut corners to save costs and end up with inadequate systems: "During the next year or so, smaller firms may be caught in a trap. The systems are essential, the development cost too great for them to bear and proprietary systems not yet available on the secondary market."

He thought that would change, however, and market-making, trading and settlement systems developed by the bigger firms would be sold to those less able to bear the development costs. The quality of member firms' settlement systems, tacked together hastily in the run up to the Big Bang deregulation of the City of London last year, was giving problems.

Mr Patrick Mitford Slade of Cazenove, chairman of the Stock Exchange's newly-formed Information Services Board, said that plans to introduce an automatic small order execution system (Saefs) had been put back to 1988 because of fears that members' settlement systems would not be able to cope with the extra volume of business likely to be genenerated. When Saefs was introduced, it would be linked electronically to the settlement systems.

His point was underlined by Mr Mick Newmarch, chief executive of Prudential Portfolio Managers: "We are greatly concerned by the back-office problems being experienced by some broker-dealers" he said.

Mr Michael Baker, director of settlement services division at the Stock Exchange said the exchange had rejected the idea of a single "globalclear" system for the international equities market.

"The more we thought about it, the more we doubted that anyone could set up a single 'globalclear' operation and we began to feel that the idea of linking sytems was the way ahead."

Mr Stanley Ross, managing director of Deutsche Bank Capital Markets and chairman of the Association of International Bond Dealers' proposed automated quotations system, complained that progress in automated Eurobond dealing (AIBDQ) was being held up by fear and misunderstanding among dealers: "AIBDQ to many is seen as a threat of one kind or another" he said.

FT CONFERENCE

Technology in the securities markets

Mr Richard Lawson, deputy chairman of The Security Association, the self-regulating organisation established to monitor members of the stock exchange in its new role of the International Stock Exchange of Great Britain and Northern Ireland, said the costs of ensuring adequate regulation in the London market would be considerable. He thought they were a cause for concern.

Mr Paul Coombes of McKinsey & Company said firms had to have a clear and committed view of their technological role in the market. they could build proprietary systems, share systems or look for niches away from the most powerful competition, but if they simply wallowed around without a clearly defined role, they would have no future.

Mr Michael Jenkins, chief executive of the London International Financial Futures Exchange (Liffe), discussed the role of technology in bringing about a 24-hour derivative products market.

He argued for two or three exchanges in different time zones trading identical contracts in an interchangeable manner.

Tories launch crucial local poll campaign

BY OUR POLITICAL CORRESPONDENT

THE CONSERVATIVE PARTY yesterday launched its campaign for the local elections on May 7, the outcome of which is expected to have a decisive role in determini ng the date of the next general election.

Mr Norman Tebbit, the party chairman, who attacked both Labour and Social Democratic Party/Liberal Alliance records in local government, played down the part which the council polls will have in the Prime Minister's calculations over the timing of the election.

But it is known that – with 30m eligible to vote – the results will be minutely analysed in an attempt to provide an accurate, national assessment of the Government's support.

The Tories do not, however, expect to make overall gains in the elections for 12,000 local councillors in England and Wales. During the last poll in 1983, the Government was riding a wave of popularity in the wake of the Falklands conflict.

Mr Tebbit yesterday refused to predict how the Tories would perform, but added: "We would be doing extremely well if we won as many seats as in 1983, which was one of the few occasions there was a swing to the Government at local election time."

He said he expected Conservatives to do well in councils where the Alliance was in power or where there was a balance of power. The party chairman, who was flanked by Mr Nicholas Ridley, the Environment Secretary, and Mr John Patten, the Housing Minister, said the electorate faced three choices.

They could support the Conservatives by voting for "good value for money at prices people can afford", they could vote for Labour and get "high spending, high rates, extremism and incompetence" or they could support the Alliance, with its "indecision, muddle and socialist policies".

The Tories, Mr Tebbit claimed, did not use town halls as "vehicles for social engineering or political dogma at the ratepayers' expense". He continued: "The electorate has the chance to vote Labour out of their town hall bunkers and to send them and their nuclear-free zone advisers packing".

The Tory campaign will also attempt to show that, in holding the balance of power on some councils, the Alliance has not led to more balanced local government but to paralysing partnerships and what it describes as "shoddy pacts" to implement profligate spending programmes and high increases in rates (local property taxes).

He stressed that in some areas, only 20 per cent householders paid rates but that, under the proposed community charge legislation, everybody would be eligible to pay.

"People should, therefore, look closely at what is being offered. Rate levels will eventually be changed into community charge levels which everyone will face", he added.

Mr Ridley claimed that left-wing extremists were not confined to London boroughs but were now controlling cities around the country.

Compensation for ferry victims to be doubled

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE CEILING on compensation payments to survivors and relatives of victims of the Herald of Free Enterprise ferry disaster is to be more than doubled, it was announced yesterday.

The precise level of the revised ceiling has not yet been determined, but Peninsular and Oriental Steam Navigation (P and O), which owns the Herald, said it expected the limit to be at least £80,000.

This compares with a ceiling of £38,173 set by the Athens Convention on accidents at sea, which has been part of UK law since 1979.

The Government said two weeks ago it was considering a unilateral increase in the ceiling, and is expected to announce its conclusions on a higher figure within the next month.

Mr Michael Spicer, the junior Transport Minister, has been consulting shipping companies and the insurance industry, and a consensus appears to have emerged that the ceiling should be at least equal to the ceiling for the aviation industry under the Warsaw Convention. This is currently £80,000.

There has been pressure from some MPs for a higher ceiling – possibly up to £100,000 – but any increase would not be retrospective and would therefore not apply automatically to the Herald.

P and O said, however, it had agreed with its insurers, the Standard Steamship Owners Protection and Indemnity Association, that the compensation ceiling for the Herald would be raised to whatever figure is designated by the Government.

Payments under the convention would be in addition to hardship grants already being made by P and O, and disbursements from the disaster fund set up by Dover district council, the south of England port from which Herald sailed.

Sir Jeffrey Sterling, chairman of P and O, said the group was anxious to ensure an appropriate level of compensation was paid, though it accepted that money could not adequately compensate those who were bereaved.

Mr Colin Harris, of the Standard Protection and Indemnity Association, said: "We believe this will save months of argument, and even more important it will, we hope, alleviate much of the distress following this tragedy."

Employers seek deal on flexible work

BY DAVID BRINDLE, LABOUR CORRESPONDENT

MORE THAN 1m local authority manual workers, who won a controversial pay rise of 6.7 per cent last autumn, are in line for a further 10.6 per cent if they accept the principle of flexible working time.

The pay proposals tabled by the Labour-led local authority employers in talks yesterday look certain to be criticised by government ministers who have already urged councils to pull out of the national bargaining structure.

Local authority negotiators will say in their defence that the overall package would give councils discretion to make substantial savings by moving away from a rigid five-day 39-hour-week and determining work regimes to suit local needs.

The council manual workers are Britain's biggest pay bargaining group. An agreement along the lines envisaged by the employers would represent the most important step forward for the concept of flexible working time.

However, the two sides failed to come to terms yesterday, as planned, after disagreement over the form of words governing local determination of working time. Formal negotiations are to resume on May 11.

The negotiations stem from a regrading exercise which has incorporated the principle of equal pay for work of equal value and has, as a result, downgraded some jobs done by men, such as refuse collection, and upgraded some jobs done by women, such as home help.

An annual pay review is not due until September 1, but the employers yesterday put forward pay rates for the new grades which would come into effect on July 1 and apply for 14 months until August 31, 1988.

While the overall cost is put at 10.6 per cent, the precise bill for each authority would vary above or below this, according to the number of each grade of workers employed.

It is believed that the pay proposals were not backed by the minority groups of Conservative and SDP/Liberal Alliance councils. In addition, some Labour authorities, including left-led London councils, expressed reservations about the cost.

However, the Labour majority was confident that the package would bring benefits to authorities which chose to act on the greater job flexibility offered by the regrading and associated revised job descriptions; by the consolidation into basic rates of many pay premiums; by the ending of the link between pay and training; and by the enabling provisions on working time.

Redland discusses control of Monier

By Tony Jackson

REDLAND, the UK building materials group, announced in Australia that it is engaged in talks that may lead to a £100m-plus bid for Monier, the Australian building materials group, in which it already has a 49.9 per cent stake.

The company also announced that Mr David Lyon, managing director is switching jobs to become managing director of Bowater Industries. The move came as it announced that its 1986 pre-tax profits had risen by nearly half to £48m.

Mr Lyon said he was attracted by "a considerable opportunity to do things with Bowater, particularly in combination with the chairmanship of Norman Ireland. It has made a large number of disposals, and it now has a base from which to grow and a very strong balance sheet."

Mr Lyon said the bid for control of Monier, in which Redland has had a stake since the late 1960s, was prompted by hopes for the business outlook in Australia. "Housing starts are going to rise well above the present very depressed level, and we feel the Australian dollar is at a relatively low point," he said.

A further element was the change in the Australian government's attitude to foreign investment. "Until recently it was exceptionally difficult for any foreign company to go above the 49.9 per cent level. The government is now taking a rather more positive view".

Monier's shares closed at A$3.10 yesterday, valuing the whole company at A$484m (£212m).

Mr Lyon said of his move to Bowater: "The Redland chairman, Sir Colin Corness, is 55 and I'm 50. There is an extraordinarily competent team of people at Redland who are younger than I am, and we're agreed that it's a thoroughly sensible thing for me to make a move. It frees up people underneath, and it gives me a ten year run at Bowater".

Mr Ireland said the appointment of a finance director for Bowater was being actively pursued. "We had deliberately delayed until David Lyon was appointed", he said. "We have advertised the job, and had a very good response".

Bowater's former chairman and managing director, Dr Ingram Lenton, retired at the end of last month. The company has already said that Mr Norman Ireland, formerly finance director of BTR would become the new non-executive chairman.

● The Office of Fair Trading (OFT) has launched a preliminary investigation of the proposed sale of the former Thorn-EMI film library by the Cannon Group to the Weintraub Entertainment Group of the US.

The OFT is required to investigate the deal to see whether a reference to the Monoplies and Merger Commission is justified if assets worth more than £30m are involved.

Former Guinness chief denies fraud allegations in affidavit

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR ERNEST SAUNDERS, the sacked chairman and chief executive of Guinness, yesterday denied any knowledge of all but one of the invoices relating to £25m paid by Guinness, apparently as part of a share support operation during its bitter takeover battle for Distillers.

In a lengthy affidavit read to the High Court in London yesterday, Mr Saunders also denied having authorised the payment of £5.2m to Mr Thomas Ward, a US lawyer and fellow Guinness director.

Mr Saunders and Mr Ward are asking the court to discharge orders freezing their assets in the UK up to a limit of £5.2m, and requiring them to disclose the whereabouts of that sum.

Guinness is seeking to have the orders continued until a full trial of its action against the two men.

In his affidavit, read to the court by Mr Philip Heslop, QC, Mr Saunders said that he denied allegations of fraud and breach of trust made against him by Guinness, which had, he said, "inevitably attracted continuous, ill-informed and damaging publicity."

He asserted that the order freezing his assets would never have been granted to Guinness if the company had made full and candid discosure of the history and background to the matter.

In spite of the way some of its directors were now behaving towards him, Mr Saunders said: "I still retain considerable loyalty for Guinness.".

He said he genuinely believed he played a major part in the company's recent growth and prosperity and was concerned that the efforts of himself and others should not be thrown away and wasted "simply because some of its officers or advisers may have behaved unwisely or irresponsibly or even unlawfully."

Mr Saunders complained of "a wall of hostility and silence" blocking attempts he had made over the past three months to search for the truth. He had been told that Guinness staff had been warned not to speak to him in any circumstances.

Referring to the bid for Distillers, Mr Saunders said that he had delegated many matters to professional teams – such as the financial team headed by Mr Oliver Roux – to enable him to attend to the day-to-day running of Guinness.

Financial matters relating to the bid he had left to others, he said, explaining that he was a marketing man and "not a man versed in financial and City matters."

Mr Saunders said that the only one of the disputed invoices for £25m that he had seen had been one from Heron Managements for £2.875m.

He was now aware, he said, that the invoices had been signed by Mr Roux and assumed they had been paid on Mr Roux's authority alone.

Referring to the £5.2m paid to Mr Ward via a Jersey company, Marketing and Acquisition Consultants, Mr Saunders said he had discussed the fee with Mr Ward, but had left the mechanics for payment "to those to whom the board entrusted such matters."

"At the time I discussed the fee with Mr Ward I honestly did not intend or expect that the proper procedures – financial and legal – should be bypassed."

Mr Ward, he said, had Guinness "over a barrel," because Mr Ward had wanted to go home to the US, and to stop him going Guinness would have to pay him handsomely for his services.

A figure of £2.5m had been discussed and, as Mr Ward had said, was common with American lawyers, that would be doubled if the takeover bid were successful.

Mr Saunders said he had also been influenced by learning that Argyll, the rival bidder for Distillers, was discussing "success fees" with its advisers.

Mr Roux, said Mr Saunders, had not demurred or dissented from the size of the fee, the propriety of which he, as finance director, had been best qualified to judge.

Had Mr Roux referred the matter to the Guinness board they would have agreed almost any fee Mr Ward required, Mr Saunders said.

"Their view, like mine, was that his services were invaluable at that time, and Mr Ward well knew it."

Mr Saunders did not accept that he had been guilty, as Guinness alleged, of any breach of fiduciary duty with regard to the Ward payment. He had never intended the fee should be paid in an improper way, and had had no motive for engaging in any improper agreement with Mr Ward.

Mr Saunders acknowledged that he had allowed Mr Ward to "borrow" his account at Union Bank of Switzerland into which £3.029m had been paid on Mr Ward's instructions.

He had not, he said, questioned the source of the money, and had not considered it appropriate to ask Mr Ward. He knew that many men of substance liked to have part of their assets in Swiss accounts.

Sir Norman MacFarlane, non-executive chairman of Guinness, has agreed to remain at his post for at least the next two years at the request of the Guinness board.

Sir Norman, who is also executive chairman of the MacFarlane Group, will have his office at Distillers House in Edingburgh, Scotland, thus bringing a significant Guinness boardroom presence there.

Accountants uncover 'substantial' multiple share applications

BY RICHARD TOMKINS

TOUCHE ROSS, the accountancy firm called in to police last year's offer for sale of shares in British Gas, said yesterday it had uncovered evidence of some "very substantial" multiple applications for shares in the issue.

Mr Richard Blackburn, a partner at Touche Ross, said that several thousand doubtful applications had been identified and would shortly be passed to the Fraud Squad for investigation.

The prospectus for the British Gas flotation carried strong warnings, which threatened the possibility of criminal proceedings against people making more than one application for shares.

Mr Blackburn said he was surprised at the extent of the apparent attempts at fraud. In some cases, there was evidence of extensive "ring" operations between large groups of people using each other's addresses.

However, Mr Blackburn said it was impossible to guess at the total number of people involved until further investigations had been carried out, because it was not known how many of the different names used were genuine.

Touche Ross has also been appointed to police the offer for sale of shares in Rolls-Royce, the state-owned aero-engine maker being privatised at the end of this month. It warned that more sophisticated computer systems would enable it to detect multiple applicants before letters of allotment were sent out.

● Tom Lynch writes: Labour MPs yesterday staged another demonstration in the House of Commons over the admission by Mr Keith Best (Conservative) that he had made multiple applications for British Telecom shares.

Mr Dennis Skinner (Labour) challenged the Speaker (chairman) to say what he would do if an MP said he believed that Mr Best was "a cheat, a crook and a swindler." When Mr Bernard Weatherill, the Speaker, said all MPs were honorable members, Mr Skinner shouted: "How could he be."

Mr Weatherill firmly blocked an attempt by Mr Dale Campbell-Savours (Labour) to read out a letter he had written to him setting out his reasons for not giving the affair precedence over other business as a matter of privilege. He insisted that this was a matter for his own discretion, and appealed to MPs not to "proceed by innuendo." Allegations of wrongdoing were a matter for the courts, he added.

Mr David Winnick (Labour) said constituents were asking him whether there was one law for MPs and another for ordinary citizens, while Mr Denis Canavan (Labour) said Mr Best had voted for legislation to privatise British Telecom "which gave him the opportunity to line his pockets. Many must be saying that if that is not a breach of privilege and an abuse of his position as an MP, then what is." From the Conservative benches, Mr Tony Marlow accused Labour MPs of "scurrilous behaviour," and Mr Patrick Nicholls said Tories had been content to allow the law to take its course when labour MPs had faced charges.

"The matter underlying the affair will be dealt with as and when the law takes its course," he said.

Mrs Margaret Thatcher, the Prime Minister was last night challenged to say whether it was "morally right or wrong" for an individual to have made multiple applications from different addresses for shares in British Telecom.

Top tier of Thatcher Cabinet has look of settled team

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER, the Prime Minister, has proved to be an effective political butcher, gradually moulding the Cabinet to her liking. Only eight of the original 22 from May 1979 remain.

So what would Mrs Thatcher do if the Tories won the next general election, given her desire to carry on for "a very long time?" There may be a surprising degree of continuity at the top level, coupled with a reshuffle in the middle and lower levels.

One reason for limited major changes is that Mrs Thatcher already largely has the Cabinet balance she wants. Most of the old "wet" group have gone. Moreover, the September 1985 reshuffle, together with the post-Westland moves, have led to the promotion to the Cabinet of many of those previously "knocking-on-the-door," (such as Messrs MacGregor, Baker, Clarke, Rifkind and Moore).

At the top level, Mr Nigel Lawson appears to want to remain as Chancellor of the Exchequer. Not only is there no other obvious job for him to take, but there is also plenty of work he wants to do at the Treasury, notably on the further stages of tax reform.

Similarly, Sir Geoffrey Howe would undoubtedly like to continue as Foreign Secretary. But, according to Westminster gossip, some hints have been dropped about his possible move to Lord Chancellor in succession to the 79-year-old Lord Hailsham whose departure now looks inevitable.

An obvious successor to Sir Geoffrey would be Mr Douglas Hurd, the Home Secretary, who has long experience both as a diplomat and foreign office minister.

Moreover, Lord Whitelaw, the leader of the Lords, has recently made it known that he is willing to stay on for a year or two to avoid disrupting the Cabinet. He has no obvious successor, apart from perhaps in the long-term his old friend Mr George Younger.

Mrs Margaret Thatcher

The key questions for Mrs Thatcher, if she wins, will be how to reward Mr Norman Tebbit, the Conservative Party chairman, and Mr John Wakeham, the highly successful Chief Whip (parliamentary manager). And Mr Norman Fowler has long been promised a move after nearly six years as Social Services Secretary.

There is the further complication that Mrs Thatcher is widely believed to want to bring back Mr Cecil Parkinson, who resigned in October 1983. This is in spite of the worries of some of her advisers that the publicity over his involvement with Miss Sarah Keays, who bore his child, will never entirely disappear.

However, neither Mr Leon Brittan, whose relations with Mrs Thatcher are said to have been distant since his resignation over the Westland affair, nor, less surprisingly, Mr Michael Heseltine look likely to return.

One from Messrs Wadeham, Parkinson and Fowler may become Trade and Industry Secretary. But much may depend on whether there are changes in the machinery of government, in particular, on whether Lord Young's empire is extended and the Department of Employment becomes a Department of Enterprise.

Mr Tebbit might hold a non-portfolio post or become, say Defence Secretary. To create space, some ministers will have to be dropped, or shifted. Among those looking vulnerable are Mr Peter Walker, the Energy Secretary, Mr Michael Jopling, Agriculture Minister, Mr Tom King, the Northern Ireland Secretary, Mr Paul Channon, the Trade and Industry Secretary, and Mr John Biffen, the leader of the Commons (in spite of his considerable talents as a conciliator in the Commons).

The promotion candidates within the Cabinet include Mr Fowler, a possible Home Secretary, Mr John MacGregor, Mr John Moore, and Mr Kenneth Clarke (to have a full department of his own).

But Mr Kenneth Baker looks likely to remain as Education Secretary to mastermind the major post-election education bill, and Mr Nicholas Ridley, the Environment Secretary, may less definitely, carry on to mastermind rates reform and changes in the inner cities.

All this may leave little room for promotions to the Cabinet apart from Mr Wakeham and Mr Parkinson. The obvious newcomers are Sir Patrick Mayhew, currently Solicitor General. Mr Tony Newton, Health Minister, and Mr Norman Lamont, Financial Secretary to the Treasury – with Mr Geoffrey Pattie, Mrs Lynda Chalker, and Mrs Angela Rumbold as longer-shots.

One of Mrs Thatcher's most tricky decisions will be who to appoint as Chief Whip. Mr Peter Morrison, the Tory deputy chairman, would like the job, but there is strong support at Westminster for either Mr John Cope, the current deputy chief whip, or Mr John Major, currently Social Security Minister and a former whip.

The promotion of the solid and hard-working, rather than the exciting, is a characteristic of all long-serving administrations. If she is re-elected Mrs Thatcher's third term Cabinet is unlikely to be as radical as its policies.

UK NEWS

Charles Leadbeater looks at how the church is behind a project providing work in a town hit by recession

A resurgence of spirit for the Scottish jobless

AN EXTRAORDINARY programme for the unemployed has been running for several years in a small Scottish town.

Buckhaven, on the Firth of Forth, 35 miles from Edinburgh, was left to carry the burden of the demise of its traditional industries of fishing, coal, steel and rig building. Now it is being driven forward by the spirit and skills of the unemployed, mobilised by the local parish church.

But the range and quality of the work on the Buckhaven Parish Church project makes the plight of the unemployed seem all the more senseless.

"Our achievement is built on unemployment", says the Reverend Dane Sherrard, the project's inspiration. "The greatest success would be if this was never needed. Success is when you do not see someone on a scheme because they have a job."

What makes the project more remarkable is that its growth was largely unplanned.

It began soon after Mr Sherrard arrived in Buckhaven in 1976 to find several of the church buildings unused after an unhappy union of three churches in 1973.

He opened up the buildings for the town's youth, with a heavy diet of discos, youth clubs and badminton.

It was only in 1983 that Mr Sherrard approached the Manpower Services Commission (MSC) which suggested that he examine the potential for a 50-place Youth Training Scheme.

While the MSC had previously failed to set up a scheme in the area, the church leaders shamed and persuaded 50 local businesses to take trainees on work placements.

Shortly afterwards they recruited 116 long-term unemployed adults, half of whom had never had a job, for a Community Programme scheme to turn a former church into a theatre.

Mr Sherrard explains: "We learnt our most important lesson in the first week. It is not what you are building or doing for the community that counts: it is what you do for the people on the scheme. We are a successful organisation. But the organisation must never take precedence over the people we are helping."

Both schemes had job placement rates of more than 80 per cent in an area where male unemployment was running at 38 per cent. In the past three years the project has expanded to provide work and training for 871 people – the size of a medium-size manufacturing company.

"We are registered as a limited company, but I do not much like the idea," says Mr Sherrard. "Companies come and go, the bank managers and doctors leave the town at the end of the working day. Only the church could have done this. Only the church is permanent here."

Rev Dane Sherrard: providing inspiration for the unemployed

The managerial skills of the project manager, whose previous job was overseeing the construction of a Hong Kong skyscraper, and the finance manager, formerly company secretary to the National Steel Foundry, have been vital to its orderly expansion.

The project is split into four: building projects, workshops, social care, and projects outside the town. A common theme runs through them.

All the participants say they are doing a job. For many it is the first they have ever had. The nine sites spread through the town exude energy and self-imposed discipline.

The work is designed to enhance people's skills, and to rid the Community Programme of its "make-work" image: that's where something could have been done simply, it is made more complex.

Buckhaven is concentrating on the most disadvantaged. About 18 per cent of the trainees are disabled, compared with a government recommended ratio of 1 per cent.

For 28-year-old John, partially blind but able to build childrens' games, it is the first job he has had since leaving school 10 years ago.

Others, like 20-year-old James, have come from community service and, before that, prison. A shy young man, he says he would consider setting up his own furniture-restoring business. Although the project is aimed mainly at the long-term unemployed, most of the participants are in their early twenties.

The rebuilding of the harbour, with lighthouse and cottages, is a spiritual task for the former fishing town, says Mr Sherrard, as he looks down on it. It is silted up by waste from the former coal industry and surrounded by drilling platforms from the shrunken oil industry.

Both those industries provided income, but sapped the people's self-reliance and motivation, he says. He hopes the Buckhaven project will soon foster a resurgence of that spirit through its recently created enterprise offshoot.

"As the quality of our work has improved so it has become obvious that there are not enough jobs for people to go to. So the logical step has been to start creating them ourselves," he says.

One of the first products to be launched will be a heating panel for church pews; the stained glass workshop may also exploit the church's captive market. Other jobs will follow, and when the theatre sets up for business there will be jobs for costume and set-makers.

By the end of this year Mr Sherrard hopes more than 100 people will have permanent full-time jobs with the enterprises. "They will not be on their own, the church will take the risk, it must," he says.

BAe urged to offer good conduct pledge on defence contracts

BY DAVID BUCHAN

THE MINISTRY of Defence is pressing British Aerospace (BAe) to commit itself publicly to operating Royal Ordnance even-handedly between the company's many customers in the UK defence industry.

The ministry announced last week that it would sell Royal Ordnance, the state munitions business, to BAe for £190m cash, subject only to consideration by the Office of Fair Trading (OFT) on whether the acquisition should be referred to the Monopolies and Merger Commission. Three of BAe's defence industry rivals have asked the OFT to recommend a referral.

In order to mollify these complaints and to protect its own position as the ultimate customer of most of the UK defence industry's output, the ministry is understood to be seeking, and BAe to be willing to give, a formal letter of assurance. This would state that Royal Ordnance will be even-handed in dealing with its new parent and with other customers and will observe all of its present contractual and confidentiality obligations.

The fear of some defence contractors that they might get worse terms from Royal Ordnance than BAe was yesterday underlined by Shorts, the Belfast-based aerospace company.

It said it was "seriously concerned that unless adequate safeguards are put in place, the availability of supplies of rocket motors and of warheads will be in doubt, the confidentiality of Shorts' new projects will be in danger and the future of Shorts' missile business will thus be put at risk."

"In these circumstances," Shorts claimed, "competition in guided weapons systems would have been eliminated." Shorts makes various missiles, some of which like Seacat (for ship defence), Tigercat (airport defence) and Starstreak (recently bought by the British Army in a £225m contract in preference to BAe's Thunderbolt system) compete with BAe products. All depend on Royal Ordnance for rocket motors and warheads, in which it has a virtual UK monopoly.

Two other companies, Ferranti and Hunting Engineering, have also complained to the OFT about BAe's takeover of Royal Ordnance on similar grounds. However, the defence ministry has concluded that its sale of Royal Ordnance raises no serious competition issues

Labour would appoint minister for women

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

LABOUR HAS spelled out its plans to appoint a minister for women, should it be elected to office in the next general election.

Mr Neil Kinnock, the party leader, said the new minister would have cabinet status to give appropriate importance to Labour's plans for increasing womens' rights. These include strengthening the equal opportunity laws and co-ordinating the work of government departments as they affect women.

The party's national executive committee last year recommended against cabinet status for the new minister, but it was over-ruled by the annual conference.

Mr Kinnock said yesterday: "The establishment of a minister for women will be a major innovation in British government. It is an innovation which has worked in many other countries, notably France, Australia, New Zealand and Sweden."

Roneo Alcatel buys data firm

By Terry Dodsworth

RONEO ALCATEL, the UK office equipment subsidiary of the Alcatel group of France, is to acquire STC Data Systems, a computer services group run by the ICL computer company.

The deal, coming shortly after Alcatel's takeover of the ITT telecommunications business in Europe, is aimed at expanding the French group's distribution network and product portfolio in the UK.

Roneo Alcatel, which has a turnover of about £30m and 1,100 employees in the UK, sells a range of electronics-based office products such as facsimile machines, photocopiers and franking machines.

STC Data Systems' product line includes various IBM-compatible computer equipment.

Caterpillar talks urged

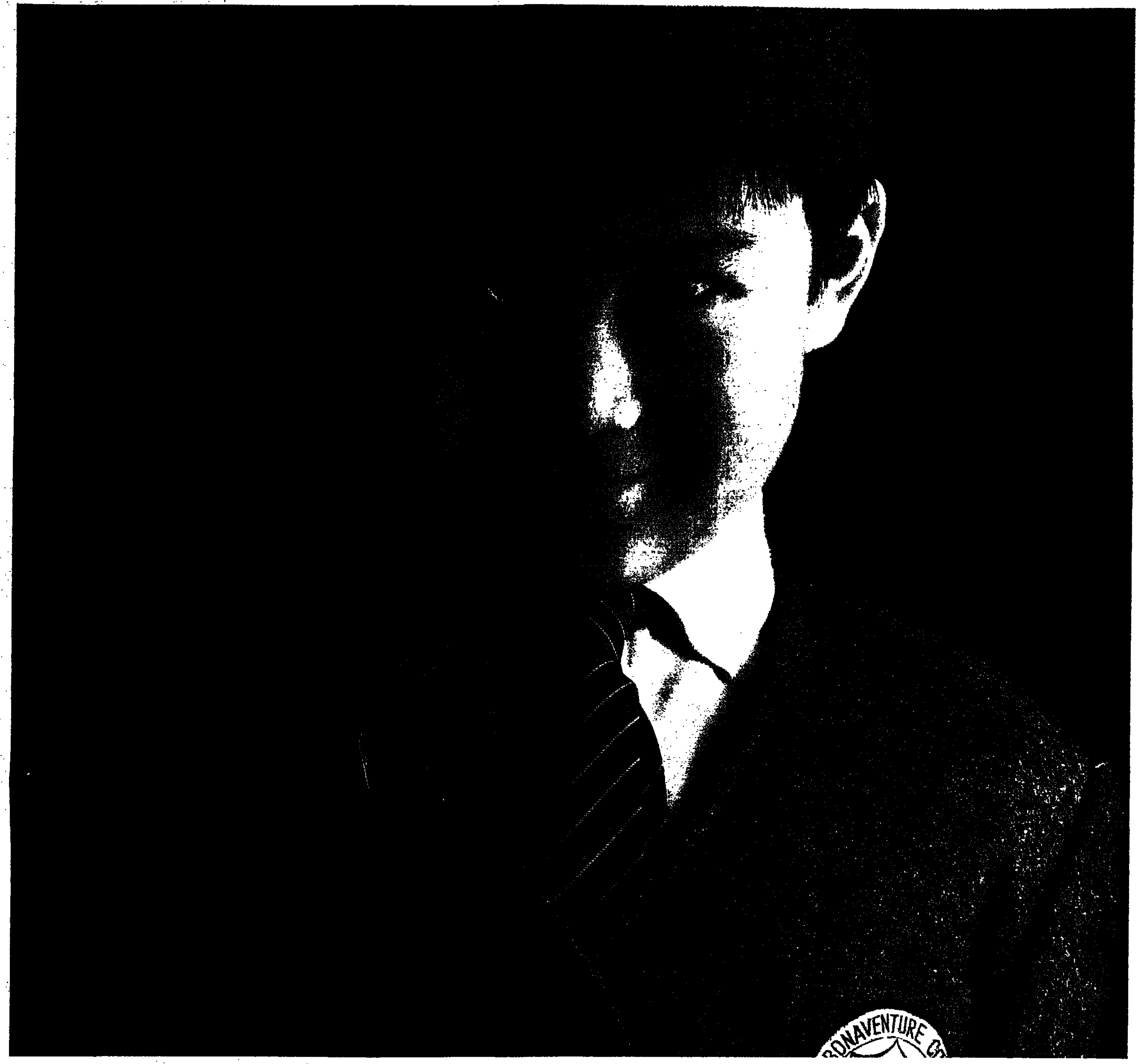
By Tom Lynch

CATERPILLAR, the US construction equipment manufacturer, has been urged to hold talks with unions to avert closure of its Scottish plant.

In the House of Commons yesterday the Government and Opposition were united in seeking a way of retaining the factory, which is near Glasgow.

Mr Ian Lang, the Scottish Office Industry Minister, said the unions had agreed to an approach by the arbitration service ACAS with the company. Caterpillar was considering whether to attend.

Mr Lang said he was due to meet representatives of the Scottish Trades Union Congress today



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TECHNOLOGY

Alan Cane examines the engineering behind IBM's new range of personal computers

A harder act for clones to follow

IBM in recent years has taken to launching its new products in clutches, accompanied by floods of finely detailed technical data difficult for even experts to digest swiftly.

Last week's announcement of its new personal computer (PC) range, the Personal System/2 (PS/2) was typical; eight new computers, two new operating systems, and a radically new design of memory system, together with a host of new add-ons and peripherals.

The features of the new products were inevitably obscured by the larger questions surrounding IBM's most important new small machines for six years: would they enable IBM to regain market share lost to the "clone" makers, for example? Would these manufacturers of copies of IBM PCs find it difficult or impossible to copy PS/2 technology?

Most experts think the answer to both these questions is "yes": here, then, are the products on which their views are based.

The new family consists of four models comprising eight individual machines.

At the bottom end of the range is the Model 30, a general purpose machine which uses the Intel 8086 microprocessor chip, a similar chip to the 8088 which powers IBM's existing PC and PC/XT. In the Model 30, however, it runs at a speed of eight megahertz (microprocessor cycle time, an indication of the speed of the chip, is measured in megahertz).

According to IBM: "This results in an internal processing speed of up to twice that of the Intel 8088-based PC/XT."

The Model 30 is the machine which has already been bought in thousands by Lloyds Bank in the UK. There are two versions, one with two 3.5 inch discette drives each capable of storing 720,000 bytes (characters) of information, the other with a single 3.5 inch, 720 KB (thousand byte) drive and a 20 megabyte (million byte) hard disc-drive.

Both machines have 640KB of main (semiconductor) memory as standard.

IBM has incorporated 3.5 inch discette drives across the new range, the first time it has broken with its adherence to industry-standard 5.25 inch drives. In general this is seen as a sensible move.

The 3.5 inch discettes are sheathed in hard plastic cases and are more robust and convenient than 5.25 in discettes. But Mr Rod Canion, president of Compaq, one of IBM's major competitors, warns that the new machines may not be able to run software copied from 5.25 in discettes on to the 3.5 in standard. Customers will have either to exchange or buy new applications software, he says.

Available late this month, the Model 30 will cost £1,106 or £1,559.

Industry experts see this machine as a competitor for the up-market PC compatibles, rather than the low-end clones.

But IBM has introduced a new "clone killing" device in the prices its dealers can offer on its existing PCs. On the West Coast of the US, it is now possible to buy an IBM PC/XT complete with floppy disc for $699 (under £450). At that price there is little difference between the cost of a clone and a genuine IBM—and most buyers would prefer the real thing.

IBM's new approach to personal computer technology is illustrated in the three remaining models in the range, the Model 50 and Model 60—both of which use the Intel 80/286 microprocessor chip which powers IBM's existing PC/AT—and the Model 80 which uses the Intel 80/386, one of the most powerful microprocessors available.

The Model 50 uses the 80/286 driven at 10 megahertz and has a megabyte of main memory built in. It incorporates a number of standard features that were previously available only as options—including a screen painting palette of 262,144 colours.

The electronic palette in the new IBM PCs is provided through a special silicon chip, the CLUT (colour look up table) designed and manufactured by the UK semiconductor company Inmos, a subsidiary of Thorn EMI.

The Model 50 costs £2,658 and will be available in July.

However, the Model 60, at a price of £3,888 with a 44-megabyte hard disc, or £4,275 with a 70-megabyte hard disc, is expected by some experts to prove the biggest seller in the new range.

IBM says it is intended to provide a growth path for users of existing PC/AT and PC XT286 machines, the two fastest models in IBM's old range.

As in the Model 50, the 80/286 chip is driven at 10 megahertz.

The top-of-the-range Model 80, at prices ranging from £4,275 to £7,056, uses the 32-bit 80/386 chip, driven—in the fastest variation—at a remarkable 20 megahertz.

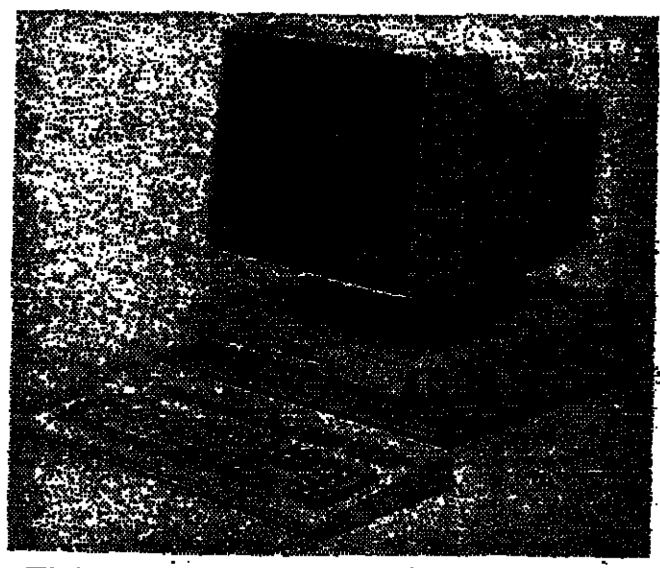
No company has ever announced a personal computer with a 32-bit processor driven at this speed.

Compaq and Apricot, both leaders in the use of the 80/386, drive their chips at 16 megahertz, as does IBM for the two smaller models in the Model 80 family.

The Models 50, 60 and 80 share a new kind of internal architecture IBM calls "micro channel." In conjunction with the speed of the 80/836 chip, this gives the Model 80, IBM claims, performance more akin to a minicomputer than a micro.

The three top-end models share special security features, enhanced graphics and facilities which enable them to be connected together in networks using IBM's proprietary token ring technology.

Additional research by Louise Kehoe in California.



IBM Model 30 with 8512 colour display: The general-purpose machine features an Intel 8086 microprocessor and has an internal processing speed of up to twice that of the Intel 8088-based IBM PC/XT.

The re-writable optical illusion

IBM has moved to 3.5 inch discettes throughout the PS/2 range with one exception—a novel memory device that uses optical storage technology.

Up to 200 megabytes of information (about equal to the number of words in 400 average-sized novels) can be stored, IBM says, on a 5.25 inch removable disc using the device.

Optical storage, where a low-power laser is used to burn minute holes representing computer code in the surface of a metal disc, is an important new technology in the computer business.

The only drawback, compared to magnetic media such as the floppy disc, is the inability to erase and rewrite material once it has been recorded on the disc. For this reason IBM is calling this form of storage WORM—write once, read many times.

Up to four optical disc-drive controllers can be fitted to the Models 60 and 80, giving a potential on-line storage of 1.6bn bytes (one byte is equal to a character of text).

Even the bottom-end Model 30 can be fitted with 400 megabytes (million bytes) of optical disc storage.

The time taken for the system to seek out a particular piece of information on the disc varies between 45 thousandths of a second and 230 thousandths of a second. The information is sought by a second laser beam, and at its fastest only the angle of the laser head needs to be changed to find the data.

The new drive will make it possible for users to keep multiple versions of a particular file and give them the ability to create data files of more than 32m bytes. There is so much storage space available, that using clever memory management techniques, the disc can appear re-writable. Only the latest version of a file is read.

Taskforce moves into operation

A PERSONAL computer's operating system, the elaborate software program that marshals its use of resources like disc-drives and printers, and which determines how it handles an application, is critical to customers and software developers.

When a company like IBM brings out new computers with advanced technology, it has to issue a new operating system to make the best use of that technology. Customers and software developers alike are concerned that their existing software will still run on the new machines.

The good news is that IBM's new operating system OS/2, written in collaboration with Microsoft of the US, is broadly compatible with its existing PC/DOS.

The bad news is that it will not be available, at a price of £240, until the first quarter of next year.

Until then, users of the Models 50, 60 and 80 will have to make do with a new version, 3.3, of PC/DOS.

OS/2, when it appears, will more resemble a minicomputer operating system. It will enable a user to run more than one task at the same time; and a special extended version of the system will make it possible for the user to connect together a number of personal systems in a network.

The new operating system will also make it possible for applications software developers to write programs that use more memory—up to 16 megabytes (million bytes)—than the 640,000 bytes (one byte equalling one character of text) limit set by PC/DOS.

There will be three versions of OS/2; a standard edition, a standard edition together with a presentation manager (a piece of software which enables the user to see what is happening in each of the applications programs running simultaneously through a series of "windows" created on the screen) and a standard edition coupled with a communications manager and a database manager.

Meanwhile, some 30 software companies including Lotus, the world's leading independent software house, Digital Research and Ashton Tate, have demonstrated new versions of their products designed to take advantage of the power of OS/2.

Synthetic answer to growth problems

TREATMENT to prevent dwarfism in young children, available until recently only to a relative few, is now a prospect for thousands of cases as a result of further development in gene biotechnology. Also possible is that the hormone developed might be used to promote tissue repair, perhaps after surgery or serious wounding.

It is 10 years since biotechnology was developed as an advanced technology based on the post-war scientific discipline of molecular biology. And it has taken that long to manufacture a perfect replica of the natural protein, human growth hormone.

At the Vienna Hilton last week hormone specialists and paediatricians gathered to discuss the research of a state-owned Swedish biotechnology company in synthesising a hormone authentic to the very last of its 191 amino acids.

Human growth hormone (HGH), also known as somatotropin, was discovered in 1920. But our story begins in 1978, when the budding Californian biotechnology research company Genentech was asked by KabiVitrum of Stockholm if it would try to clone the gene for HGH.

Genentech succeeded the following year, with Prof Herbert Boyer, the company's chief scientific adviser and co-inventor of the seminal technique of genetic manipulation, being closely involved.

The contract encouraged others; at least seven companies declared an interest in adding HGH to their list of targets for genetic engineering. But the original partners appear to have maintained their lead.

KabiVitrum has been producing HGH since 1971, but it was extracted and purified from the pituitary glands of human cadavers. The company's interest stemmed from earlier research on fractionating blood plasma proteins, which gave it the technology for purifying HGH.

Unfortunately, each pituitary yielded enough HGH for just two doses of a treatment that must be administered for many years and could need up to 1,000 pituitaries to treat a child for dwarfism until it reached puberty. Only the most seriously undersized children could be treated.

Two years ago disaster struck natural HGH extracts, when four patients—young adults—died of a rare disorder called Creutzfeldt - Jakob disease. This is brain damage due to slow virus infection, with a natural prevalence of one in a million and an average age at death of 57.

The youth of the victims and the fact that all had been receiving HGH treatment led to the conclusion that they had been infected through the pituitary extract.

Treatment was stopped, despite a purification process being available, in the knowledge that an alternative source of HGH, made by recombinant DNA technology, wasemerging from the laboratory. Only six months after halting treatment, Britain approved the bio-synthetic HGH made by KabiVitrum.

By the spring of 1986, ten countries—including Sweden and Japan—had approved it, while the US had blessed its counterpart made by Genentech. Within weeks some 4,000 to 5,000 children were receiving treatment.

But the bio-synthetic hormone is not a perfect replica of the pituitary hormone. It has one additional amino acid tagged on the end.

According to Prof Hans Flodh, the biologist who manages KabiVitrum Peptide Hormones, it is biologically indistinguishable from the pituitary extract. Nature's own defence mechanisms fail to recognise the extra amino acid, methionine.

Nevertheless, any imperfection was bound to be worrying in a treatment which could be prescribed for a child for life. Another compelling possibility is that HGH might be administered to promote tissue repair, perhaps after surgery or serious wounding.

Dr Linda Fryklund, director of research and development with KabiVitrum Peptide Hormones, says the extra amino acid is "a consequence of biosynthesising HGH in a bacterium." The methionine provides the signal which starts the hormone secreting from the pituitary into the blood, but is neatly excised once it has done its job.

When the Genentech scientists invented the bio-synthetic hormone they arranged for it to be produced in the bacterium *E coli*, where it retained its signalling mechanism.

But in the quest for authenticity in the bio-synthetic hormone, Genentech scientists suggested an elegant way in which methionine might be eliminated.

The hormone is still biosynthesised in *E. coli*, but the trick is to use a signal peptide to indicate to the bacterium when the hormone is ready to move out. The HGH is then transported into a gap between the cell membrane and the tough outer skin of the bacterium; the periplasmic space. In crossing the cell membrane, however, the signal peptide which causes the hormone to move is cleaved off, leaving authentic HGH in the periplasmic space.

To harvest the authentic HGH the outer walls of the bacteria are gently ruptured—"nicked"—releasing the contents of the periplasmic space, containing 5-10 per cent of the bacterium's total protein including all the HGH, but leaving the inner sanctum intact.

While a desire to improve growth processes in those deficient in secreting natural HGH has been the primary drive to perfect this bio-synthetic process other uses are foreseen; in the healing of fractures and in the treatment of tumours (currently in the exploratory phase).

For KabiVitrum, biosynthetic HGH means that theoretically there is no limit to the quantities it can supply, which encourages it in the exploration of other uses it could not even contemplate while it remained a scarce natural extract.

OUT OF THE BACKROOM

by David Fishlock

Concluding a series, **Geoffrey Owen** suggests that a vague desire to kill off socialism is an inadequate agenda for a third Thatcher term and (below) **Malcolm Rutherford** assesses the political impact of the Thatcher years

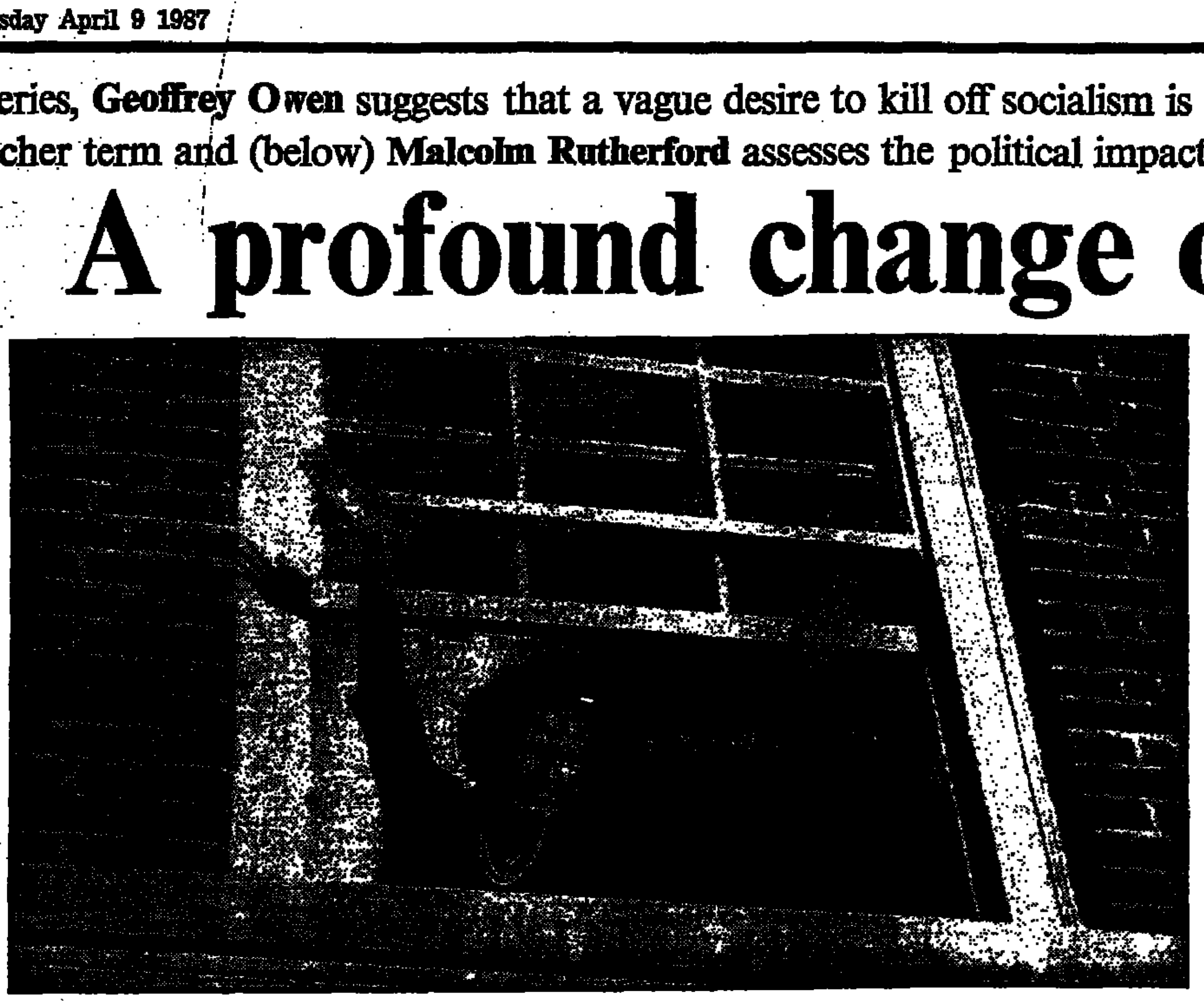
A profound change of climate

IN A TELEVISION interview during her recent visit to Moscow Mrs Margaret Thatcher compared Mr Gorbachev's efforts to reform the Soviet system with her own achievements in the UK. No doubt the comparison is overblown and will provoke the usual patronising smiles from those who dislike the Prime Minister's style and personality. But she has seen her task—to shift institutions and attitudes away from collectivism towards individual freedom and responsibility—in large and historic terms. Despite the lack of consistency, despite the errors and blind spots which have been discussed in our series, a shift of some magnitude has taken place.

It is easy to find fault with particular policies and yet to miss the bigger picture: the profound change in climate since 1979. It is a climate which suits winners more than losers, high achievers in the private sector more than university professors, doctors in the National Health Service and many others who, by career choice or misfortune, depend for their livelihood on the public sector. But a central aim has been to revitalise the economy by giving businessmen and entrepreneurs the freedom to manage and the incentives which they did not have before. Some element of divisiveness was probably inevitable, at least until the rest of the population could see the benefits to themselves and to society of a thrusting, successful, profitable private sector. That has not happened yet.

The opposite error is to see the Thatcher years as creating nothing less than the economic and social transformation of the country. Economic growth in the years since 1979 has not been dramatically superior to that of the preceding period. Manufacturing capacity was drastically cut in the 1980-81 recession; in spite of advances in efficiency and in quality of management, it is too early to be confident about a British industrial revival. In other areas of British life, such as education and local government, the Thatcher Government's achievements have been meagre or worse.

A third fallacy, perhaps encouraged by the over-personalisation of politics around Mrs Thatcher, is to ascribe almost everything that has happened—or failed to happen—in Britain since 1979 to the Prime Minister. One needs to be reminded of the limited powers of governments to influence events and of the international pressures which can often have a far bigger impact than domestic policies.



Mrs Thatcher at party HQ after winning the election, May 1983

Yet the country has undergone a change and the Government has made a crucial contribution to it. The most unequivocal success has been in the field of industrial relations. Britain's strikes and restrictive practices used to be the laughing stock of the world. That is no longer the case. One may argue about the relative importance of the Government's labour legislation and unemployment, but the facts are that trade unions have been brought within the law; the power of the National Union of Mineworkers has been broken; the incidence of strikes has been greatly reduced; unions and employers are co-operating in changing work practices and raising efficiency.

Serious defects in the wage-setting process persist. But foreigners are not deterred from doing business in and with Britain because they are afraid of strikes.

A second achievement has been to reduce the role of the state in the affairs of companies and individuals. The removal of exchange controls, the abandonment of prices and incomes policies, deregulation in the area of minimum wages and elsewhere, reductions in high marginal tax rates—all this has altered the business environment. The Government still intervenes in industrial decisions when political pressures are too strong to resist (especially in a pre-election period), but less so than its predecessors, both Tory and Labour. Entrepreneurial activity has flourished—witness the wave of management buyouts, which is still running strongly.

Even more fundamental for the Prime Minister has been the encouragement of individual self-reliance through the sale of council houses, wider share ownership and now the development of personal pensions. All these policies are open to criticism. Home ownership has been pursued to the detriment of a well-functioning housing market. The promotion of popular share ownership has in some cases distorted the aims of privatisation; new shareholders in British Telecom or the Trustee Savings Bank may have gained a false idea of what investing in the stock market is about. But any attempt to widen the ownership of property, shares and other forms of wealth is surely good for personal freedom and the decentralisation of power.

On privatisation the Government is justly criticised for paying insufficient regard to competition. An opportunity to create a more competitive structure was missed in the case of British Airways and to some extent also with British Gas and British Telecom; one hopes the same mistake will be avoided with electricity. Yet the Government has shed, in whole or in part, a considerable number of enterprises which did not belong in the public sector and which should do better under private ownership. The weight of "bureaucratic centralism" in industry has been reduced and no political party is likely to restore it. The problem of how to control the nationalised industries, which has baffled governments for 30 years, has been made smaller and more manageable.

The weaknesses in the privatisation programme partly reflect a form of short-termism, the wish to gain political rewards as quickly as possible. But it also illustrates the point that Thatcherism, contrary to popular belief, has only a lukewarm belief in market forces. The Prime Minister seems more interested in gaining competitive victories for Britain and for British companies—sometimes intervening personally to bring them about—than in the unglamorous business of removing obstacles to the free functioning of markets.

It is true that competition policy has been used to good effect in removing restrictive practices in the professions and in the City of London. Some local monopolies, arising from the buying practices of local authorities and the health service, have been broken up. But in its attitude to imports, in the use of subsidies to win export contracts, the Thatcher Government has been as mercantilist as its predecessors.

Thatcherism is more a matter of attitudes and instincts than a clearly thought-out political philosophy in which policies fit together within a coherent intellectual framework. There is a conflict between the desire to get government off the backs of the people and an inclination to centralise, even personalise, the exercise of power (the centralising tendency has, of course, been most pronounced in the field of local government). The least attractive feature of Thatcherism is an authoritarian strain—on issues such as freedom of expression in broadcasting and official secrecy.

The Prime Minister has been at her most effective when the goals are crystal clear. She tackled inflation and curbed the trade unions. She "got our money back" from the European Community (one hopes the same single-mindedness will be applied to the creation of a barrier-free European market by 1992, although this will involve a degree of interdependence with Europe which Mrs Thatcher may find unpalatable). Where the boundary between public and private sectors is not easy to draw, as in health and the social services, or where a delicate balance has to be struck between central direction and local autonomy, as in education, the record of Thatcherism has been disappointing.

If one believes that radical reform is still needed in many areas of British life, that too many entrenched attitudes and over-powerful interest groups stand in the way of change, then Mrs Thatcher is better qualified for the job than any other politician. But what exactly does she want to do? Vague aspirations about killing off socialism are not enough. If she is to deserve a third term, the country will need to know more clearly what radical reforms she has in mind and where they are leading to.

The Thatcher Years will be republished in book form in early May. It will be available from newsagents, price £2.40, or by post for £3 from FT Business Information, Books Marketing, 102 Clerkenwell Road, London EC1M 5SA. Payment must accompany order.

No successor, no coherent opposition

ALMOST no one—perhaps not even Mrs Thatcher herself—would have predicted in 1979 that eight years later she would be faced with the prospect of winning her third general election in a row. If she had, she would have been laughed at for her pretentions. Today she is even talking about the possibility of a fourth, and nobody is laughing.

The nearest parallel in recent European history must be General de Gaulle in France. Although de Gaulle came to power under quite different circumstances and worked under a quite different constitution, there are similarities. When he left office, France was a changed country. It had regained its self-confidence. And, while Gaullism, like Thatcherism, is difficult to define precisely, it was a term that took root in the language very early on and stuck.

In the language of British politics, Mrs Thatcher has broken the mould. In fact, she has broken several moulds. However imperceptibly the changes have come about, almost nothing in Britain today is quite the same as it was in the late 1970s. Relations between management and labour, foreign policy, the political party system, including the state of the Tory Party, are all examples.

The Conservative manifesto of 1979 was unusually well-prepared and had been preceded by much fuller documents such as The Right Approach and The Right Approach to the Economy. The Tories knew broadly where they wanted to go: towards a more market-oriented economy, greater incentives and limiting the power of the trade unions.

Yet the documents were not substantially different from earlier Conservative manifestos such as Edward Heath's A Better Tomorrow. In 1979 there was no very cogent reason to believe that Mrs Thatcher would do any better than her predecessor as party leader. Mr Heath had been brought down as Prime Minister by a combination of miners' strike coinciding with the first oil crisis and a premature general election called on the question: who governs Britain?

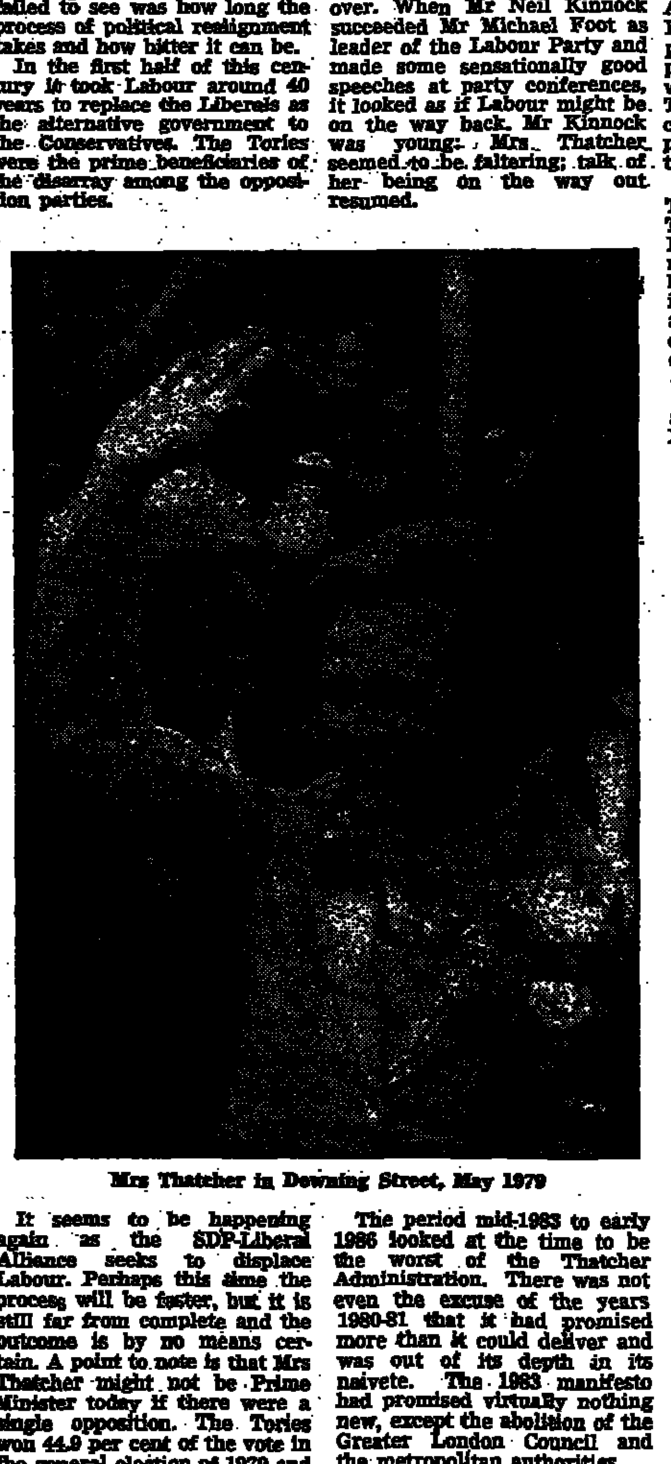
He lost. Mrs Thatcher deposed him as leader in a remarkable coup in 1975. It would probably never have happened if Mr Heath had submitted himself immediately for re-election after his second defeat in the two general elections of 1974, or if the now Lord Whitelaw had stood against Mrs Thatcher in the first ballot. Mr Heath accused her afterwards of setting out to hijack the Tory Party. It has been a permanent hijack ever since.

Her first battles as Prime Minister were not so much with the opposition or even with the trade unions. They were with a Tory Party, and perhaps especially a Tory front bench, which did not believe in radical change and which did not believe that it was possible even if it was desirable.

Those battles seem a long time ago now. But many of the headlines of 1980-81 were along the theme of: Can Mrs Thatcher survive? There was a conflict between "wets" and "dries" which many people assumed that the wets would win. The casualty list of Cabinet ministers — St John-Stevas, Gilmour, Soames, Prior, Pym—suggests that victory went to the Prime Minister, and not all of them went down fighting. The first mould that Mrs Thatcher broke was that of the old paternalist Conservative Party and even that took time.

Other moulds were breaking around here. Mr Roy Jenkins had shown his disillusion with the Labour Party well before he set out to form the Social Democratic Party as an alternative to Labour. What perhaps he failed to see was how long the process of political realignment takes and how bitter it can be.

In the first half of this century it took Labour around 40 years to replace the Liberals as the alternative government to the Conservatives. The Tories were the prime beneficiaries of the disarray among the opposition parties.



Mrs Thatcher in Downing Street, May 1979

It seems to be happening again as the SDP-Liberal Alliance seeks to displace Labour. Perhaps this time the process will be faster, but it is still far from complete and the outcome is by no means certain. A point to note is that Mrs Thatcher might not be Prime Minister today if there were a single opposition. The Tories won 44.9 per cent of the vote in the general election of 1979 and 43.5 per cent in 1983. So long as the opposition parties go on fighting each other, the Conservatives have a built-in advantage. They can govern with the support of less than half of the electorate.

Yet there have been times during the Thatcher years when it seemed much more touch and go. When the SDP was formed, senior Tories hugged themselves with relief that only one Conservative MP, Mr Christopher Brocklebank-Fowler, crossed the floor to join it. Some of them had feared far more. And when the Alliance came into being, its support in the opinion polls ran at around 50 per cent and, as Mr Jenkins showed in Glasgow Hillhead, it was capable of winning by-elections even in the most difficult seats. Then came the Falklands war in 1982 and the Tory recovery.

Mrs Thatcher won the general election the next year with an overwhelming majority. But the troubles were far from over. When Mr Neil Kinnock succeeded Mr Michael Foot as leader of the Labour Party and made some sensationally good speeches at party conferences, it looked as if Labour might be on the way back. Mr Kinnock was young; Mrs Thatcher seemed to be faltering; talk of her being on the way out resumed.

The period mid-1983 to early 1986 looked at the time to be the worst of the Thatcher Administration. There was not even the excuse of the years 1980-81 that it had promised more than it could deliver and was out of its depth in its naivete. The 1983 manifesto had promised virtually nothing new, except the abolition of the Greater London Council and the metropolitan authorities.

Legislation became bogged down in parliament, unemployment continued to rise, senior ministers were sniped at from the cover of anonymous sources in No 10, and even the Tory press said that Mrs Thatcher had run out of puff. Those years of banana skins culminated in the Westland affair, which led to the resignation of two members of the Cabinet while the machinery of government very nearly fell apart. The Prime Minister has never really received her proper blame for her share in the mess

Yet the curious fact is that after a few more debacles, like the revolt against the attempt to sell parts of British Leyland to foreign companies and the dropping of the Shops Bill, which would have removed some of the anomalies from Sunday trading, the Government began to recover.

The political turning point came last autumn at the party conferences when the Liberal Assembly split on defence, the Labour Party adopted a defence policy that was equally unpopular with Britain's allies and with Britain's voters, while the Tories wound up by claiming credit for past achievements and promising that there was more to come.

It has been like that all along. The future historian may see Thatcherism as a grand design. It does not seem like that to many of the people who have been living through it. Rather it is more like a series of ups and downs, with luck and the climate of the times generally on the Government's side. The other factors have been the extraordinary determination and pragmatism of the Prime Minister.

Part of the luck was the oil. Any British Government in the 1980s would have found it a benefit. In Mrs Thatcher's case, the revenues from North Sea oil have been used—how deliberately is another question—to cushion the economy through a period of structural change and high unemployment. Without the oil money, it is hard to believe that the Thatcher years would have gone as smoothly as they have.

There was also the new technology. Mrs Thatcher, for all her science background, came to it late. It was scarcely mentioned in the 1979 manifesto. Yet it is the spread of computers and information technology that is doing as much as anything to transform the economy and to replace the old industries.

Not least, under previous governments there had been a great deal of investment in infrastructure: in roads, ports, airports, hospitals and universities. For a while, Mrs Thatcher had the benefits of past spending; she may have realised belatedly that it is necessary to keep it up.

The pragmatism has come out mostly in foreign affairs, where the Prime Minister has done many of the things that she said she would not. The Rhodesia-Zimbabwe settlement was totally different from what she sought when she took office. She dropped the Ulster Unionists for the Anglo-Irish agreement. She came to terms with Europe. She went to Moscow and applauded Mr Gorbachev.

Perhaps again she was lucky in that she was virtually free of most of the residual problems of empire that had bedevilled so many previous Prime Ministers. Again, Britain could never have retaken the Falklands without American logistical support. But, luck or not, she did it. Self-confidence in British foreign policy has returned.

There were also times at home when discretion was the order of the day. In her first administration Mrs Thatcher ran away from a confrontation with the miners because she thought she could not fight all her battles at once. In her second Mr Arthur Scargill took her on, the Government was prepared, and he lost decisively.

Some of the other problems have been left till late. It is surprising that, as a former Secretary of State, the Prime Minister should not have realised earlier the importance of education and, also, the need to maintain the morale of the teaching profession. Equally, had she thought about it sooner, there might not now be the present difficulties about the funding of research and development in science and technology. Her claims to consistency are not easily sustainable; her claims to staying power are. There was, after all, a lot to be done—and still is.

Her greatest domestic achievement so far is probably the curbing of trade union power, coupled with the reduction of inflation. In external policy it was in accepting against her natural instincts, that Britain's role lies in Europe. Yet even in her present relatively happy position, the ups and downs of politics should not be forgotten. If unemployment had not started to fall last autumn, the Government might have preferred not to hold a general election this year. The number out of work is still twice as high as it was when the Conservatives took office in 1979 promising to bring it down.

Still, like France under De Gaulle, the country has changed. It is unlikely to go back to the old ways of the equivalent of the Fourth Republic. The political ground has moved too much. De Gaulle is supposed to have said: "Après moi, le déluge." He was wrong. Mrs Thatcher has not said that yet, but sometimes it appears that she thinks it. No obvious successor is in sight; nor any coherent opposition.

● Vehicle excise duty ● Customs and Excise ● VAT changes ● Share option schemes ● Unit trust tax ● Charitable gifts

Summary of clauses and schedules issued by Treasury

The main points of the Finance Bill's provisions were spelt out yesterday in a Treasury summary. The changes proposed in the bill take effect from the date of Royal Assent unless otherwise stated

Clause 1 provides for the introduction of a duty differential (5p per gallon including VAT) in favour of unleaded petrol with effect from 6 pm on March 17 1987. Further details are given in Customs and Excise News Release 22/87.

Clause 2 and Schedule 1 (Parts I and II) amend the rates of Vehicle Excise Duty (VED) on farmers' goods vehicles over 7.5 tonnes gross weight from March 18 1987 and on trade licences from January 1 1988. They also introduce a new tax class for recovery vehicles from January 1 1988. The rate of duty will be £50 per annum. Details are in Department of Transport Press Notice number 124.

Clause 2 and Schedule 1 (Part III) introduced a number of other changes to VED: penalties for VED will be strengthened by preventing convicted VED evaders from avoiding liability for back duty by removing two of the existing defences; a minor technical defect in the trade licensing provisions of the Finance Act 1986 will be corrected; the penalties applying to certain offences will be clarified and the maximum penalty increased to level 3 on the standard scale (currently £400); and the penalty for failure to return a tax disc issued against a cheque subsequently dishonoured will be increased to five times the annual rate of duty payable, if more than £400. Further information is included in Department of Transport Press Notice number 125.

Clause 3 abolishes the duty on on-course betting with effect from March 29 1987 and provides for the continuation of existing Customs and Excise control powers.

Clause 4 increases the rates of gaming machine licence duty with effect from June 1 1987. The new rates of duty are also given in Customs and Excise News Release 23/87.

Clause 5 provides for changes with effect from October 1 1987 in the arrangement for collection and repayment of gaming machine licence duty. Further information is given in Customs and Excise News Release 23/87. The clause also enables regulations to be made permitting spare gaming machines to be kept unlicensed in certain circumstances for use in the case of breakdown of other, licensed machines.

Clause 6 amends the Customs and Excise Management Act 1979 to enable officers of Customs and Excise to enter and search premises and goods at approved wharves and transit sheds.

Clause 7 amends the Customs and Excise Management Act 1979 to extend Customs and Excise officers' powers of search of vessels and aircraft to include other vehicles within Customs-controlled zones and installations. These changes will assist action against drug smuggling.

Clause 8 amends the Customs and Excise Management Act to provide exporters of goods within the Common Agricultural Policy with greater flexibility as to the date on which they may bring such goods under Customs control at their premises. Under EC legislation this date determines the rate of any refund or charge applicable, so that the provision will enable exporters to take advantage of beneficial rates.

Clause 9 introduces a new section in the Customs and Excise Management Act 1979 to require records to be kept by persons concerned in the importation or exportation of goods. This will facilitate trade by permitting the acceptance in certain circumstances of electronically transmitted customs freight declarations without any supporting paper documentation. The "paperless entry" facility will be subject to approval, and one of the conditions will be the requirement for importers and exporters to retain, as part of their business records, any necessary supporting documents.

Clause 10 introduces a new section in the Customs and Excise Management Act 1979 to enable the Commissioners to specify the way in which records relating to imports and exports should be provided. It also gives authority for the inspection of such records at the premises of importers and exporters. The aim of the clause is to provide for the examination of records in cases where freight declarations have been made electronically.

Clause 11 enables regulations to be made permitting schemes for cash accounting and annual accounting by certain businesses. Cash accounting will be introduced on October 1 1987 (subject to EC approval) and annual accounting in the summer of 1988. Further details are given in Customs and Excise News Release 16/87.

Clause 12 amends the Value Added Tax Act 1983 so as to restrict deductible input tax and to counter tax avoidance. It also enables regulations to be made to secure a fair and reasonable attribution of input tax to taxable supplies and to adjust input tax which has been incorrectly attributed. These measures came into effect on April 1 1987. Further information is contained in Customs and Excise News Release 17/87.

Clause 13 introduces new provisions allowing the registration for VAT of businesses established in the UK which make no taxable supplies within the UK and of businesses which make only supplies of goods in warehouse. Further details are contained in Customs and Excise News Release 17/87.

Clause 14 amends Schedule 1 to the Value Added Tax Act 1983 to make changes in general registration and deregistration requirements. In particular, it extends the time to notify liability to be registered to 30 days. Further information is given in Customs and Excise News Release 16/87.

Clause 15 introduces a new provision with effect from April 1 1987 whereby, in certain circumstances, partly-exempt VAT groups will be required to account for VAT on the acquisition of business assets on the transfer of a business (or part of a business) as a going concern. Further details are contained in Customs and Excise News Release 17/87.

Clause 16 gives the Treasury powers to provide by Order for a special scheme applying VAT to tour operators' services. The scheme is intended to take effect from April 1 1988. The intention to legislate in 1987 was announced on Budget day 1986. Further information is given in Customs and Excise News Release 21/87.

Clause 17 extends the provisions of the Value Added Tax Act 1983 to enable the special valuation rules for taxable supplies between connected persons to apply also to exempt supplies with effect from April 1 1987. Further information is given in Customs and Excise News Release 17/87.

Clause 18 exempts, with effect from April 1 1987, the underwriting of and making arrangements for capital issues. This is also mentioned in Customs and Excise News Release 17/87.

Clause 19 deals with the interpretation of chapter II of the bill and introduces the amendments in Schedule 2.

Schedule 2 has four paragraphs: the first amends the VAT Act 1983 with effect from April 1 1987 to prevent tax avoidance of VAT on imported services by exempt businesses. Further details of the changes are given in Customs and Excise News Release 18/87; the second extends the provisions of section 23 of the Value Added Tax Act 1983, concerning repayment of tax on supplies made in the UK to those in business overseas, to include goods imported by them into the UK; the third provides for the immediate VAT registration of the transferee when a registerable business is transferred as a going concern. The transferee will have 30 days in which to notify his liability to be registered; the fourth provides for partly-exempt businesses to have a right of appeal to a VAT tribunal about the use of the new partial exemption method.

Clause 20 sets the charge and rates of income tax for 1987-88, including the new basic rate of 27 per cent. It also provides for changes to the thresholds for the higher rates of tax.

Clause 21 sets the main rate of corporation tax for the financial year 1987 at 35 per cent (unchanged).

Clause 22 reduces the rate of corporation tax for small companies for the Financial Year 1987 from 29 per cent to 27 per cent.

Clause 23 fixes at 27 per cent the rate at which deductions are to be made from payments to subcontractors in the construction industry who do not hold exemption certificates. The change takes effect from November 2 1987.

Clause 24 amends, for 1987-88, the date from which the new tax allowances will be put into operation for PAYE. (There is no provision specifying the main personal allowances for 1987-88, since these are automatically increased under the statutory indexation provisions of the 1980 Finance Act.)

Clause 25 sets the 1987-88 mortgage interest relief limit at £30,000 (unchanged).

Clause 26 introduces a new higher level of age allowance for elderly people aged 80 and over on modest incomes. This will be available for the first time in the 1987-8 tax year.

Clause 27 ensures that invalid care allowance payable to married women is regarded as their earned income for the purposes of the wife's earned income allowance and wife's earnings election. The provision applies from 1984-85. Unemployment benefit paid to a married woman is to be treated as her earned income for wife's earnings election purposes with effect from 1987-88. Inland Revenue press notice July 25 1986.

Clause 28 provides for the blind person's allowance to be increased for 1987-8 and subsequent years from £360 to £540, and from £720 to £1,080 for a married couple where both are blind.

Clause 29 and Schedule 3 amend the legislation which provides for the taxation of supplementary benefit paid to the unemployed and to strikers to reflect the replacement in 1988 of supplementary benefit by income support.

Clause 30 changes the limit on tax-exempt life or endowment assurance business carried on by friendly societies, with effect from September 1 1987. The new limit is annual premiums of £100, instead of gross sums assured of £750. The clause also rectifies a minor loophole in the existing friendly society tax legislation.

Clause 31 increases the limits relating to the tax exemption given to trade unions on their income and capital gains which are used to pay provident benefits to their members. The qualifying limits go up to £3,000 (from £2,400) for lump sum benefits, and to £625 (from £500) for annuities. The new limits apply from March 17, 1987.

Clause 32 increases the limit on charitable donations eligible for relief under the new payroll giving schemes from £100 to £120 a year. It applies from April 6, 1987.

Clause 33 and Schedule 4 enable companies to include in approved share option scheme rules an additional provision in the event of a takeover to permit scheme participants to exchange existing share options for options over shares in the acquiring company. This will operate in respect of takeovers after Budget day where a change in the scheme rules is approved following Royal Assent. There are also minor technical changes to the "material interest" provisions which govern whether directors and employees qualify to participate in approved share schemes and for interest relief on loans for share purchases. The changes will help the smooth running of the three types of approved share scheme and are already operative.

Clause 34 and Schedule 5 makes various amendments to the legislation in the 1970 Finance Act concerning occupational pension schemes, to implement the anti-exploitation measures concerning, eg excessive lump sums announced on Budget day, and applying to arrangements entered into on or after that day. Other measures enable occupational scheme members to obtain full tax relief for additional voluntary contributions (AVCs) paid to a separate pension plan, from October 1987.

Clause 35 provides, with effect from November 26, 1986, relief from tax on business profits for the costs on seconding employees to local education authorities and certain other educational institutions.

Clause 36 and Schedule 6 give tax relief for the cost of retraining in new job skills provided by an employer for employees who are to leave or former employees. The provisions apply to retraining costs incurred on or after April 6, 1987 and ensure that, subject to certain conditions, these costs are deductible in calculating the employer's taxable profits and that the employee is not taxed on them.

Clausee 37 and Schedule 7 standardises the date on which corporation tax is payable at nine months after the end of a company's accounting period. Where the interval is longer, arrangements to make the reduction in three equal stages over three years. These will start with the first accounting period beginning on or after March 17, 1987. For certain building societies which at present pay corporation tax less than nine months after the end of the accounting period, the transition will be spread over two years starting with accounting periods ending in the 1989-90 tax year.

Clause 38 aligns the date on which certain interest and other payments are treated as paid and received for tax purposes where the payment is between companies within a group or otherwise under common control. The new rule applies to payments made on or after March 17 1987.

Clause 39 modifies the definition of the meaning of "associate" in Section 303 of the Taxes Act, principally to help maintain the smooth running of approved employee share schemes. It takes effect from April 6 1986. A consequential change for interest relief on loans for purchasing the company's shares takes effect for loans made after November 13 1986.

Clause 40 makes it obligatory, where the statutory conditions are satisfied, for the Inspector to apportion the income of a close company to its shareholders. Apportionment of covenanted payments to charity (and other annual payments) will also be made obligatory. (The Inland Revenue had believed that the existing legislation had this effect but the Court of Appeal said in 1986 that the Inspector's powers were discretionary.) The apportionment changes apply to accounting periods beginning on or after March 17 1987.

Clauses 41-43 deal with the tax treatment of the income and capital gains of unit trusts. The changes adjust the tax rules to fit the new regime for unit trusts introduced by the Financial Services Act 1986. The substance of the present tax treatment is unchanged. The new provisions first take effect for distribution periods beginning on or after April 1 1997 (authorised unit trusts) and April 6 1987 (other unit trusts).

Clause 44 makes a minor technical change in the tax treatment of management expenses of investment companies and authorised unit trusts.

Clause 45 introduces an option for an investor under the Business Expansion Scheme to claim up to one-half of his relief against income of the previous tax year subject to a limit of £5,000 carry back for any year. The relief is available for investments made between April 6 and October 5 inclusive in any tax year from 1987-88 onwards.

Clause 46 relaxes the conditions for eligibility under the Business Expansion Scheme of a film production company whose income is expected to derive from royalties or licence fees. To qualify the company must either be engaged throughout the three-year qualifying period in the production of films (the previous condtion), or in the distribution of films produced in the period. Will apply to shares issued on or after March 17 1987.

Clause 47 ensures that a UK resident partner in a foreign partnership is fully chargeable to tax in the UK on his share of the profits of the partnership. It will apply so as to prevent claims to relief from tax for past years.

Clauses 48-49 and Schedule 8 prohibit dual resident companies, other than certain trading companies, from surrendering their loses after April 1 1987 to other members of a UK group under the UK group relief rules. They also limit the application of certain other reliefs where a dual resident investing company is involved in intra-group transactions.

Clause 50 amends the legislation concerning controlled foreign companies (in Schedule 17 Finance Act 1984). With effect from Budget Day, in addition to the existing conditions, an acceptable distribution policy will be satisfied only if a dividend is paid at a time when the company is not resident in the UK.

Clause 51 introduces a degree of flexibility in applying the conditions which an offshore fund must satisfy to qualify as a distributing fund. For account periods which end after Royal Assent, the Inland Revenue will be able to extend the time limit for making distributions and disregard a failure to comply with the investment conditions in Section 95(3), Finance Act 1984 where the board are satisfied that the failure was inadvertent and was remedied without unreasonable delay.

Clause 52 changes the rules for calculating banks' taxable income from making a loan to a non-resident. Under the new rules any tax credit for foreign withholding tax paid, or deemed to be paid, on the interest they receive may in future be offset only against the UK tax due on the net profit from that loan. The change applies to interest payable on new loans made on or after April 1 1987. For existing loans, the new rules apply to interest arising on or after April 1 1988.

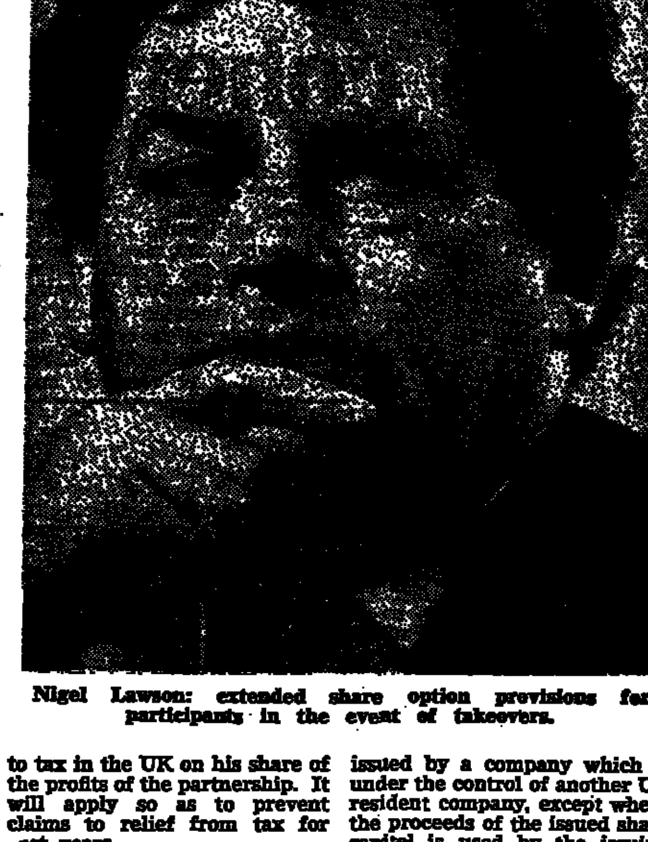
Clause 53 imposes restrictions on double taxation relief, which parallel those imposed by Clause 52, for underlying tax on dividends in circumstances where loan interest is effectively remitted as a dividend to a bank operating from the UK. The change applies to interest payable on nenw loans made on or after April 1 1987. For existing loans the new rules apply to interest arising on or after April 1 1988.

Clause 54 permits, subject to conditions including a monetary limit, a company carrying on oil extraction activities in the United Kingdom or on the United Kingdom Continental Shelf (UKCS) to carry back Advance Corporation Tax surrendered to it, if the ACT relates to a dividend paid by the surrendering company on or after March 17 1987. The company to which the surrender is made may cary back the ACT for set off against the corporation tax liability on its oil extraction activities in the previous six years.

Clause 55 enables a member of a 50/50 consortium to surrender ACT to a company with UK or UKCS oil extraction activities which si owned by the consortium. The new rule applies to ACT in respect of dividends paid on or after March 1 1987.

Clause 56 prevents ACT in respect of certain preference share dividends paid on or after March 17 1987 being set off against the corporation tax liability on profits from UK or UKCS oil extraction actvities.

The rule applies to redeemable preference share capital issued by a company which is under the control of another UK resident company, except where the proceeds of the issued share capital is used by the issuing company in carrying on its UK or UKCS oil extraction activities.



Nigel Lawson: extended share option provisions for participants in the event of takeovers.

Clause 57 permits the Department of Employment to pass on certain limits information provided to it by the Inland Revenue under Section 58 Finance Act 1969 to local authorities for use in formulating local employment policy. The information consists of employer's names and addresses and the numbers of employees they have under PAYE.

Clause 58 applies to Lloyd's reinsurance to close (RIC) arrangements the normal criteria for the tax deductibility of provisions for outstanding liabilities. The clause will first take effect for RIC payments in the Lloyd's 1985 account, which closes at the end of 1987.

Clause 59 extends by five years from March 31 1987 to March 31 1992 the period during which capital allowances are available to companies for costs of construction of properties for letting on assured tenancy terms. It also makes provision for effect to be given to certain initial allowances whose benefit might otherwise have been lost.

Clause 60 deals with the tax treatment of securities traded on new recognised investment exchanges (RIEs) which may be established under the Financial Services Act 1986. The clause provides an enabling power for regulations to be made which will allow securities traded on a new RIE to be treated in the same way for tax purposes as securities traded on the existing Stock Exchange.

Clause 61 and Schedule 9 amend the rules for taxing companies' capital gains so that they are taxed at the same rates as companies' income instead of the present 30 per cent effective rate. For small companies the rate will thus be cut to 29 per cent from March 17 1987 and again to the new 27 per cent small companies rate from April 1. Companies will be able to set advance corporation tax against corporation tax on gains as well as on income. These changes apply to disposals on or after March 17 1987. There are transitional arrangements for accounting periods straddling that date.

Clause 62 makes a corresponding change to the special provisions for life assurance companies, so that their gains will be taxed at the normal corporation tax rate of 35 per cent.

Clause 63 makes technical changes to the provisions relating to the set-off of advance corporation tax against corporation tax on income from oil extraction activities. These changes are consequential on the extension to capital gains of the set-off for advance corporation tax and ensure that from March 17 1987 farmout gains will be included with oil extraction income for the purposes of the restrictions on ACT set-off.

Clause 64 makes minor technical amendments to the provisions relating to the interaction of advance corporation tax and double taxation relief. The amendments reflect the extension to capital gains of the set-off for advance corporation tax.

Clause 65 makes it explicit that established tax law will continue to apply where an investor in a multi-portfolio unit trust switches from one portfolio to another. It prevents doubts about the tax position arising because of a detailed provision in the Financial Services Act.

Clause 66 brings Building Societies within the capital gains regime for groups of companies.

Clause 67 increases from £100,000 to £125,000 the ceiling for capital gains tax retirement relief, with effect from April 6 1987.

Clause 68 brings, subject to certain conditions, the treatment of over-the-counter futures and options in line with that of traded options and of transactions on recognised exchanges. The main effects are that profits on over-the-counter transactions will always be treated as capital gains unless they arise in the course of trading, and that a capital loss will arise when an over-the-counter option expires without being exercised.

Clauses 69 to 106 and Schedule 10 introduce the new tax regime for personal pension schemes, to apply with effect from January 4 1988. The new legislation replaces and extends the existing retirement annuity provisions in S.226 et seq of the 1970 Taxes Act, which will cease to have effect for such arrangements made after January 4 1988. The main provisions are:

Clause 69 defines various terms used in the legislation.

Clause 70 enables the Inland Revenue to approve personal pension schemes subject to certain conditions.

Clause 71 to 77 set out the pension and lump sum benefits which may be provided by approved schemes.

Clauses 78 to 81 outline certain administrative requirements which approved schemes must satisfy.

Clauses 82 to 88 set out the rules governing tax relief for contributions by individual members (whether employed or self-employed) of personal pension schemes.

Clause 89 gives tax relief for any contributions to a personal pension scheme by an employer, in respect of any employee of his who is a member of that scheme.

Clause 90 provides a tax exemption for schemes' investment income and gains.

Clause 91 concerns the tax treatment of annuities paid to members of personal pension schemes.

Clause 92 concerns the "minimum contributions" which the Secretary of State for Social Services will pay to personal pension schemes which are "contracted-out" of the State Earnings Related Pension Scheme (Serps).

Clause 93 enables the Inland Revenue to withdraw approval from personal pension schemes or arrangements in certain circumstances.

Clause 94 imposes a tax charge on certain unauthorised payments to scheme members.

Clause 95 and 96 concern tax relief for contributions to a personal pension scheme. Such contributions by employees will qualify for basic rate tax relief at source.

Clause 97 concerns appeals procedures.

Clauses 98, 99 and 103 cover procedural matters relevant to tax relief for an individual's contributions.

Clauses 100 and 101 concern the Inland Revenue's powers to obtain information about contributions to, and payments by, personal pension schemes.

Clause 102 enables Government Ministers and MPs who are not members of the Parliamentary Pension Scheme to join a personal pension scheme.

Clause 104 introduces transitional provisions for retirement annuity contracts made before January 4 1988.

Clause 105 concerns applications for approval of personal pension schemes before January 4 1988.

Clause 106 and Schedule 10 make minor consequential amendments to the Taxes Act.

Clauses 107-122 and Schedule 11 introduce the new income tax relief for employees who receive profit-related pay (PRP) under registered schemes which link part of their pay to the profits of the business in which they work. Half of PRP will be eligible for tax relief (to be given by the employer through PAYE) up to the point where PRP is the lower of 20 per cent of the employee's total pay or £3,000. These provisions establish the tax relief and the conditions for its operation, define the employers eligible to introduce a registered PRP scheme, stipulate the conditions to be met by such schemes, and prescribe the method by which schemes may be registered. Employers' applications to the inland revenue for registration of PRP schemes will be dealt with after the Finance Bill receives Royal Assent.

Clauses 123-133, 137 introduce a new system for the collection of corporation tax known as Pay and File. This will come into effect from a date, not before March 31 1992, which will be announced nearer the time. Under Pay and File a company will make its own estimate of its corporation tax liability and pay this by its normal due date. It will then have until one year after its accounting date to make its return with automatic penalties if it is late. Where the estimate turns out to be too low, interest will be charged, and where the estimate was too high, interest will be paid on the tax outstanding after the due date.

Clause 123 allows a new style of company return to be introduce for Pay and File and sets a one-year time limit for its completion.

Clauses 124-126 set automatic penalties for returns not made within the time limit and provide a right of appeal against the penalty.

Clauses 127-131 provide for interest to be charged on overdue corporation tax and on recoveries of overpayments, for interest to be paid on repayments of corporation tax, income tax and tax credit, and for interest rates to be altered where necessary.

Clause 132 provides for corporation tax to be payable without assessment.

Clause 133 makes the amendments needed to the tax on loans to participators in close companies for Pay and File.

Clause 134 provides enabling powers to introduce regulations applying an interest charge on PAYE paid late in circumstances where the Inspector has formally to determine the amount due; and clarifying the meaning of "payment" for PAYE purposes.

Clause 135 provides enabling powers to introduce regulations requiring the Inland Revenue to be informed of the change of control of a company holding a "714C" sub-contractor certificate; giving the taxpayer a right of appeal against cancellation of a sub-contractor certificate; and requiring the production to the Revenue of contractors' records.

Clause 136 improves the drafting of the present S.118(2) Taxes Management Act (which provides that a person's failure to do something, such as render a tax return, shall be ignored when there was reasonable excuse for failure) for cases for continuing reasonable excuse.

Clause 137 provides for Pay and File to come into effect on an appointed day which will not be before March 31 1992.

Clause 138 adjusts the definition of a "unit trust scheme" that applies for stamp duty to match the new Financial Services Act definition.

Clause 139 provides for the repeal of the statutory requirement on brokers to issue contract notes. A code governing the issue of contract notes is provided for in the Financial Services Act. The repeal will take effect from a day to be fixed by the Treasury.

Clause 140 extends the stamp duty exemptions that apply to gilt-edged securities and to most categories of loan stock to options to acquire such stock. The change takes effect from August 1.

Clause 141 redefines foreign currency for the purposes of S.30 Finance Act 1967 (and its Northern Ireland equivalent) which exempts from bearer duty stock expressed in a currency of a territory outside the scheduled territories.

Clause 142 makes a technical modification to S.70 Finance Act 1986 which imposed a higher rate of stamp duty on shares transferred to nominee companies acting for clearance systems. The change has an August 1 start date.

Clause 143 corrects a subsection reference in S.82 Finance Act 1986 (stamp duty relief for stock borrowed by market makers).

Clause 144 amends S.97 Finance Act 1980 and S.108 Finance Act 1981 which limit the duty payable on a shared ownership lease to take account of recent changes to the shared ownership scheme. The amendments take effect on August 1.

Clause 145 replaces exemptions from stamp duty granted to the Secretaries of State for the Environment and Transport with a general exemption for all government departments. The change takes effect from August 1.

Clause 146 introduces Schedule 12 which contains a number of technical changes to the 1986 stamp duty reserve tax legislation. Most of the changes are deemed always to have had effect. A change which affects the date on which reserve tax is payable on purchases of renounceable letters of allotment takes effect from August 1.

Clause 147 applies the higher starting point (£90,000) and simplified rate scale for inheritance tax to transfers made on or after March 17 1987.

Clause 148 abolishes the existing inheritance tax charge on certain transfers made more than seven years before death involving interest in possession trusts (IIP trusts). Transfers to and from IIP trusts will be potentially exempt transfers (PETs) on the same basis as transfers of property owned absolutely. Schedule 13 imposes, in certain circumstances, a special rate of charge where property that has been subject of a PET on its transfer into an IIP trust becomes held on discretionary trusts in the next seven years and the person who made the PET is still alive. The special rate takes account of any chargeable transfers made by that person in the seven years before he made the PET. The changes apply to transfers made on or after March 17 1987.

Clause 149 and Schedule 14 also apply to transfers made on or after March 17 1987. Shares in companies dealt in on the Unlisted Securities Market will be treated for all inheritance tax purposes like shares in companies with a full listing on the Stock Exchange. Business relief is to be increased from 30 to 50 per cent for transfers out of shareholders of more than 25 per cent in unquoted companies, if the transferor has had that minimum level of holding for at least two years. There are also minor changes to the details of the reliefs for business and agricultural property, and the arrangements for paying inheritance tax by instalments.

Clause 150 and Schedule 15 exempt settled property from inheritance tax on the death (on or after March 17 1987) of a person who has an interest in possession in the property — for example, a life tenant — if the terms on which the property is held are altered after the death so that it goes into a heritage maintenance fund within two years (or three years if a court order is needed). The rules for charges when property leaves a maintenance fund for non-heritage purposes are altered so that the charge on property formerly held in an interest in possession trust may be based on the cumulated chargeable giving of the former life tenant. This alteration applies to charges arising on or after March 17 1987.

Clause 151 provides that if property is accepted on or after March 17 1987 in satisfaction of inheritance tax on terms that the value of the property for that purpose is determined as at a date earlier than that of the acceptance, the terms may provide that the tax satisfied will not carry interest from the earlier date.

Clause 152 extends to personal pension schemes the existing inheritance tax reliefs for pension schemes and retirement annuities.

Clause 153 and Schedule 16 enable a company proposing to sell (or appropriate) oil it has produced itself to nominate the proposed transaction to the Inland Revenue within a specified time limit. Where the nominated transaction is in the event fulfilled with the company's own equity production PRT will be based, as at present, on actual sale proceeds (or market value). In other cases, PRT will be calculated by taking account of both nominated prices and the —different—prices the company actually received from the sale of its equity production (and also, where approprite, market value). These rules apply in respect of deliveries from March 1 1987.) Inland Revenue pree notice February 9 1987.

Clause 154 and Schedule 17 amend the rules, with effect from January 1 1987, for valuing non-arm's length disposals of oil to reflect market conditions. Monthly market value will be based on the price the oil might have been expected to fetch had it been sold at arm's length for delivery in the relevant month. To obtain this monthly market value, the schedule provides for an average to be determined by reference to prices obtained in actual arm's length sales. It also applies where market conditions make it inappropriate or impracticable to determine such an average.

Clause 155 and Schedule 18 contain technical provisions, which apply where oil from one field is blended with oil from other fields before being disposed of or appropriated. In such cases, a participator's share of the oil won from the field is taken to be that share of the blend which was allocated to him under an approved allocation system covering that field. This provision will have effect from January 1 1987.

Clause 156 and Schedule 19 provide for Petroleum Revenue Tax relief for certain expenditure on research related to UK of UK Continental Shelf oil extraction activities incurred on or after March 17 1987, which has not become allowable in a particular field within three years of being incurred. The new relief will be allowed against a participator's PRT liability in the field of his choice.

Clause 157 and Schedule 20 introduce a new PRT cross field allowance. It allows a participator in certain new oil fields to set off against his PRT liabilities in existing fields up to 10 per cent of his qualifying expenditure incurred on or after March 17 1987 in developing the new field.

Clause 158 has the effect of extending the provision in S.8 (6) Oil Taxation Act 1975 which allows participators in oil fields to reallocate the PRT oil allow-

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UK NEWS—THE FINANCE BILL

LLOYD'S

Anxiety over reinsurance and Revenue

AT LLOYD'S of London, there has been anxiety in recent weeks over the contents of the Finance Bill. The Inland Revenue gave notive last month that it planned to give itself clear legal powers to challenge a key item in the accounts of the 400 Lloyd's insurance syndicates.

Clause 58 of the bill has done little to calm the fears of many of the market's 240 underwriting agencies.

The clause represents the Revenue's political response to a legal defeat it suffered at the hands of Lloyd's last November.

Since late 1985, the Revenue has been probing more closely the calculation of "reinsurance to close" (RITC). This is a reinsurance arrangement by which Lloyd's syndicates close their underwriting accounts for a given year. Each one pay a premium for the following year to the members of the syndicate, who then assume all the outstanding liabilities for insurance claims.

The Revenue has argued that this premium is, in effect, a provision, which can be queried in exactly the same way as tax officials query those of insurance companies. Officials in the Revenue and the Treasury have been worried by signs that a few syndicates have overstated the reinsurance to close, with the effect of rolling forward an untaxed fund of cash.

In November, however, Lloyd's secured counsel's opinion that reinsurance to close is a pure contract of insurance, which could be challenged by the Revenue only in exceptional circumstances.

Clause 58 would give the Revenue a statutory right to challenge the RITC premium. It makes clear that the RITC premium is to be tax-deductable only if it does not exceed an "allowable provision" for the syndicate's outstanding liabilities.

However, this leaves the main questions unanswered. In effect, Clause 58 would put the tax treatment of reinsurance to close on the same footing as that of insurance company loss reserves. These are tax-deductible, if justified by acceptable statistical methods.

Broadly speaking, justification of loss reserves falls into two stages. First, the company (or, potentially the Lloyd's syndicate) sets aside a sum equivalent to the cost of settling known claims. Second, it makes an allowance for claims "incurred but not reported" (IBNR), based on past experience.

Talks have already begun between the Revenue, the market's ruling Council, and the Corporation of Lloyd's (the market's central secretariat). Their key area for discussion will be the definition of just what can be regarded as acceptable methods for valuing known claims and calculating the IBNR figure.

It is understood that there is yet no fixed deadline for these talks, nor are they tied to the Finance Bill's legislative timetable because Clause 58 makes a general legal point with no details about statistical methods.

This, however, is unlikely to calm the anxieties of many Lloyd's underwriters.

Many believe that it is fundamentally incorrect to define reinsurance to close as a provision analogous to those made by insurance companies.

"To accept this would be to allow the Inland Revenue to substitute its judgment of future risk assessment over that of professional underwriters and independent auditors," according to a briefing document prepared by the Lloyds Underwriting Agents' Association.

It argues that this would have three dangerous economic effects. First, Lloyd's underwriters who feared a conflict with the Revenue might shy away from writing so-called "long tail" insurance, which carries the most uncertainties about IBNR. Second, Lloyd's members might end up paying tax on money they had not received — a powerful disincentive to join the market.

Third, in an effort to minimise these dangers, professional underwriters might compromise their judgment of RITC premiums, possibly leaving them under-reserved against future claims.

Nick Bunker

INHERITANCE TAX

Simpler, softer terms set out

THE BILL makes a number of significant changes to inheritance tax, which replaced capital transfer tax in last year's Finance Act. The changes apply to transfers of value made and events occurring on or after budget day.

First, there is a new rate table which simplifies the tax by removing three of the former rates bands (the 35 per cent, 45 per cent, and 55 per cent bands),

The nil rate band threshold has been raised from £71,000 to £90,000, removing from tax approximately one third of estates which until now have been subject to charge. With the reduced cumulation period of seven years, transfers of up to £90,000 can now be made every seven years without charge.

There is no change in the method of calculating tax (so that the levy on chargeable life transfers remains at half the table rates). The changed rates do not affect calculation of tax on transfers (including deaths) before Budget Day.

The second change is in the definition of a potentially exempt transfer (or PET). The Finance Act 1986 defined this as a transfer to an individual or into an accumulation and maintenance trust or trust for the disabled. Assuming that the transferor survives the transfer by seven years it is tax free. The major limitation in the definition of a PET was the exclusion of settled property (except for the two specialised trusts noted above).

In response to widespread criticism, the bill contains provisions which extend the PET to include the lifetime creation and terminations of interest in possession (or fixed interest) trusts, making it possible to create and terminate such trusts without an immediate charge to tax. The existing charging system continues to apply to trusts without an interest in possession (typically discretionary trusts).

The reason given last year for excluding fixed interest trusts from the definition of a PET was the fear that property could be channelled through such trusts into a discretionary trust. The settlor could therefore create a discretionary trust tax free if he survived for seven years. This fear is reflected in schedule 13 of the bill which provides for a special rate of charge in such circumstances.

Trustees are liable for tax if a potentially exempt transfer affecting settled property becomes chargeable. If such a transfer results in the ending of the settlement it may therefore be desirable for them to retain assets for seven years

Third, important changes are made in the treatment of certain securities and in business and agricultural relief. Shares dealt in on the USM are treated for all purposes in the same way as quoted shares. As a result, business relief and the instalment option will cease to apply unless the taxpayer owns a controlling interest in the company.

In the case of substantial minority shareholdings in unquoted companies business relief is increased from 30 per cent to 50 per cent.

Chris Whitehouse

CORPORATION TAX

Mostly, a year of consolidation

THIS IS in many respects a year of consolidation for the corporate and business tax regime. Despite the substantial size of the Finance Bill, with 164 clauses and 22 schedules, there is virtually nothing of substance to affect the computation of trading profits for most businesses. After the wholesale revision between 1984 and 1986 of the capital allowances legislation, under which tax allowances are given for capital expenditure on the major business assets, such as machinery, plant and industrial buildings, no further changes in the main allowances are proposed.

Unincorporated businesses, accordingly, have little to concern them in the Bill. Companies, however, do not escape entirely unscathed. The main corporation tax rate is unchanged at 35 per cent, while the small companies' rate is reduced in line with the basic rate to 27 per cent. This lower rate applies to companies with profits (including dividends from other UK companies) of £100,000 or less. Where profits exceed this level, the benefit of the lower rate is gradually withdrawn at an effective marginal rate of 37 per cent, until the whole of the company's profits are taxed at 35 per cent once profits exceed £500,000. The relevant limits of £100,000 and £500,000 are divided equally between associated companies, for example, group companies.

Chargeable gains have always been taxed at 35 per cent and have not benefited from the small companies' rate. However, the tax charge has only arisen on a fraction of the total gains so that the effective rate of tax has been limited to 30 per cent.

After March 16 1987, chargeable gains realised by companies are taxed at normal corporate tax rates, without any reduction. The company with small profits accordingly benefits from a 3 per cent fall in the rate of charge while a company with larger profits suffers a 5 per cent increase. The method of calculating a company's chargeable gains, and in particular the adjustment for post-1982 inflation, is unaffected by this change.

The compensating alteration is to allow the advance corporation tax paid on a dividend declared out of capital profits to be offset against the company's corporation tax on both income and gains. Until the Budget, ACT could only be offset against the corporation tax paid in respect of the company's income.

The change will benefit those companies which do distribute chargeable gains and those which are carrying forward or creating surplus ACT, because of earlier losses or because dividends are declared out of overseas income covered by double tax relief.

The majority of companies will, however, see a real increase in their effective rate of tax on chargeable gains. Provision is also made in relation to life assurance companies to ensure that gains attributable to policyholders' funds are taxed at 35 rather than 30 per cent.

The changes apply in full to accounting periods beginning on or after March 17 1987. The bill, however, contains transitional rules under which a period straddling that date is split in two and the new rules are applied to that part falling after March 16.

The chargeable gains realised by a company in each part of that period must be computed separately but losses arising after March 16 may be offset against chargeable gains realised up to that date.

A company is entitled, in calculating its profits, to deduct payments such as interest at the time at which they are paid. The recipient will bring the payment into charge to tax when it is received. Where payment was made by cheque, the income might not however be treated as received until the cheque was cashed.

Arrangements could thus be made under which one company paid interest to another and claimed an immediate deduction while the recipient delayed clearing the cheque to ensure the interest was taxed in a later period, so creating a timing advantage.

In relation to payments made after 16 March between associated companies, the payment will be treated as received on the same day as it is treated as paid.

A further device which operated to delay payment of corporation tax arose in relation to companies which traded prior to April 1965. So long as the company continued to carry on the same trade, it was entitled to retain the payment interval it enjoyed under the old income and profits tax system.

Thus, a company which made up its accounts to 30 June 1964 would have paid its income and profits tax for that period on 1 January 1966. Thereafter it was entitled to pay corporation tax for any accounting period, 18 months after the end of that period.

The extended period applied not merely to income arising from pre-1965 trade but to all income and gains of the company. It has been common practice to divert profits to such companies to ensure that tax is paid at a later date.

The device had acquired a certain notoriety in recent months when attention was drawn to its adoption by groups such as Habitat. Accordingly, for an accounting period beginning on or after 17 March 1987, the extended payment basis no longer applies.

The corporation tax payment date for these companies will be reduced to nine months in three equal steps, over a transitional period of three years. A company which has a payment interval of eighteen months will see the interval reduced first to fifteen months, then to twelve months and finally to nine months. Appropriate provision is made to deal with accounting periods of less than twelve months. The consequence of the change will be that, four payments may be due in three years. This may have a severe effect on the company's cash flow. It will affect all pre-1965 trading companies and not merely those which have sought to exploit this advantage. However, the standardisation of the payment period to nine months is no doubt seen as a simplification which will be beneficial to the introduction of the pay and file system in the early 1990s.

Malcolm Gammie

DUAL RESIDENT COMPANIES

Scathing criticism of the 'blunderbuss' Treasury approach

DUAL RESIDENT companies have gained, in recent years, notoriety as a tax-efficient way to invest in either direction across the Atlantic.

The normal manifestation for such companies, popularly referred to as Delaware link companies, is as a US corporation managed and controlled in the UK. Interest paid on borrowings to finance the investment into the US or UK has qualified for tax relief, in both the US and the UK.

The recent US Tax Reform Act restricted the benefits of such companies in the US and, in December 1986, the UK Government announced its intention to do likewise.

The Government's announcement was accompanied by draft legislation on which comments were invited. Despite scathing criticism, the bill contains provisions which substantially reproduce the original proposal.

The effect of the provisions is to restrict the offset of interest paid by a dual resident company against income or gains earned by that company. Such companies usually have no taxable income and have relied on the ability to offset their surplus interest against profits of other companies in the group. This ceased to be possible on March 31. Further restrictions operate to prevent income and gains being transferred to the dual resident company to mop up the surplus interest.

One of the main criticisms of the bill is that it adopts a blunderbuss approach. It does not seek to address the central issue—that of the ability to deduct a single payment in two tax jurisdictions. Any company —whether established to exploit this double deduction or for genuine commercial reasons unrelated to tax, which finds itself within the tax charge of the UK and another country —may be within the restrictions.

However, trading companies may be excluded, if they do not serve a variety of other functions such as holding or financing subsidiaries, or making substantial interest payments.

The UK bill has been formulated with the US legislation in mind. The aim is that relief be available in one jurisdiction or other, although some form of reorganisation may be required to achieve this. The bill, however, applies generally between the UK and any other country, and a company may then find itself unable to relieve a payment in either jurisdiction.

It seems certain the Government will be pressed to modify the bill so as to address the real issue of the double deduction. Companies that become subject to the structures of two fiscs are not always in an advantageous position.

Malcolm Gammie

BANKING

Sharp views on foreign loan profit

AS FORESHADOWED by the Chancellor in his Budget speech, the Finance Bill seeks to limit the amount of tax relief for banks on certain types of foreign loan where withholdings are made by foreign governments on interest payments.

This proposal, which has provoked a sharp reaction from the banking community, could mean banks may only apply tax relief to profits from the loan in question rather than, as now, to their entire operations.

Mr Nigel Lawson said the change would end an unjustified subsidy on foreign bank lending and bring the UK into line with other countries. But bankers say it would make lending abroad harder for them, to the possible detriment of their financing of Third World debts and UK exports. As drafted, the measure would also make UK banks less competitive than many of their foreign competitors, bankers say, in that most of the tax relief banks had enjoyed would go to waste, driving up the cost of their loans.

The key section of the bill concerns the way profit on a loan is to be calculated. It lays out the allowable costs, but says that, in cases where costs are not ascertainable, the amount shall be whatever is "just and reasonable," having particular regard to the market rate of interest on which ithe loan is based. Also, the Inland Revenue would be able to amplify the profit calculation with regulations of its own.

The wording of the bill suggests that costs would be calculated on a loan-by-loan basis, rather than on that of a "pot" of money, which is how loans are funded in practice.

David Lascelles

CORPORATION TAX COLLECTION

Complex rules for computation

THE ADMINISTRATIVE collection of corporation tax is to be fundamentally altered by provisions styled on budget day as a "pay and file" scheme. The starting date for this would remain to be fixed by statutory instrument, but would not be before March 31 1992. The legislation would permit the various provisions to be brought in piecemeal after that.

Under the pay and file system, corporation tax would be payable nine months after the end of an accounting period, but no assessment would normally be required. Interest is to run from that date if tax were paid late or the amount of tax due underestimated.

Interest would also be paid from that date to the taxpayer if an overpayment of tax were due, but the provisions allow for the rate of interest in these two cases to be set, and amended, separately, so it is not clear that the taxpayer and the Inland Revenue would receive equal treatment.

Also in the bill is a requirement to file a return of profit and losses within 12 months of the end of the period for which it makes up its tax accounts, which may be earlier than the end of its financial accounting period.

Automatic penalties would apply if the returns and accounts were not filed in time. Delays of up to six months are to be subject only to flat rate penalties (£100 up to three months, and £200 thereafter).

The penalties would be increased (to £500 to £1,000) for repeated late returns.

If no return had been made 18 months after the end of the period, additional penalties would be raised, geared to the amount of tax outstanding at that date.

The initial penalty would be 10 per cent of the tax still due, but increase to 20 per cent if no return were made within a further six months.

The legislation is intended to streamline the procedure for the collection of corporation tax.

The present system was criticised by the Keith Committee on the Enforcement Powers of the Revenue Departments—particularly for the laborious process of estimated assessments, appeals and provisional payments which frequently precede the submission of accounts and determination of liability.

The recommendation of the Keith Committee was that the vicious circle of inefficient procedures should be severed by requiring that returns be made considerably in advance of the due date of payment of tax.

The practical difficulties this would cause many taxpayers and their advisers were recognised and the recommendation not adopted.

The pay and file system is to be introduced as an alternative solution to the same problem, but one in which the requirement to pay tax would continue to precede the requirement to make a return.

Estimates of the tax due, therefore, may still have to be made but, from 1992, the onus for estimating tax payments in advance of final information is to rest with the corporate taxpayer and not the inspector of the Inland Revenue.

David Cohen

PENSIONS

Radical departure in personal terms

THE TAX framework for the new style of personal pensions, which are to become available to employees on January 4, 1988, occupies a large slice of thet bill — nearly 40 clauses and a schedule.

Because these pensions are completely new and would incorporate the present retirement annuity schemes for the self-employed, the bill has to set out all the detail for the tax framework within which personal pensions are to operate.

The Inland Revenue set out its thoughts on the framework in a consultative document last November. Certain changes from this were announced in the Budget.

Even where certain aspects were up for discussion, such as the method of crediting tax relief on contributions, the solution favoured by the Revenue had been made widely known.

The bill sets out, in essence, which institutions may provide personal pensions—a move that would abolish life assurance companies' monopoly to provide pensions to individuals.

Then it sets out the form of the benefits, including the right to take up to one quarter of the value of the personal pension policy as tax-free cash, subject to an overall limit of £150,000.

The bill sets out that an employee paying more than the statutory minimum contribution may hold more than one personal pension contract. Yet the rules on the benefits relate to one contract and these sections will need amendment. Otherwise, they could be misinterpreted as meaning a lump sum limit of £150,000 for each policy.

The bill then sets out that only life companies may provide the actual annuities with which the employee secures a pension. Pensions are taxed as income and one grey area in the framework concerns the actual method of deducting tax.

With company schemes, tax on pensions operates on the PAYE system. However, with self-employed pensions, the life company deducts tax at basic rate and the individual has any higher-rate tax liability adjusted through his or her tax returns.

The Inland Revenue is still looking at the system for personal pensions.

The bill clarifies the system by which minimum contributions are collected by the Social Services Secretary and paid to the pension provider.

As expected, the bill confirms the method of crediting tax relief on contributions above the minimum. The employee is to pay contributions net of basic rate tax and the institution providing the pension to reclaim the tax from the Revenue. This is similar to the system of tax relief on mortgage interest (Miras).

The big question mark over personal pensions is how the Revenue could police the system to ensure that the employee shall not exceed the stipulated level of contributions above the minimum—17.5 per cent of earnings, with higher levels for older employees.

An employee may take out more than one personal pension policy in a year, so some policing would be needed to ensure that the combined contribution shall not exceed the limits. Neither the employer nor the institution is in a position to police contribution levels.

The bill would give the Revenue the necessary powers to police employees. However, the Revenue is still looking at methods.

Eric Short

SHARE OPTIONS

Takeover victims' way out

THE FINANCE bill implements the budget announcement that employees in a company which is taken over are to be permitted to exchange existing share options for options in the acquiring company.

The new relief applies to both types of approved share option scheme, saving-related schemes under the 1980 Finance Act and executive schemes under the 1984 act.

In either case, if an option is exercised before its third anniversary the option holder will pay income tax on his profit. Employees in a company which is taken over often have no choice but to exercise their options immediately, even if, by so doing, they trigger a tax charge.

The bill opens an avenue of escape for such employees by allowing existing options to be swapped for options in the acquirer. Provided the new options are not exercised before the end of the original three year period, income tax will be avoided.

There are stringent conditions to ensure that the employee does not derive any extra advantage from the exchange. The market value of the existing option shares must equal the value of the new shares at the date of exchange, and the amount payable by the employee must be the same in each case. Furthermore, all conditions attaching to the old options must continue to apply after the exchange.

The bill makes it clear that an exchange can proceed even where the acquiring company does not have its own approved scheme. This is a logical corollary of the fact that the options will continue to be governed by the old scheme rules.

Employees will only have the chance to swap their options if the scheme expressly permits them to do so. This is a rather curious requirement. It is difficult to imagine why any company should not want to include such a rule and, in any event, the ultimate decision will rest with the bidder.

In the future, options will only be exchangeable if the appropriate rule was already included in the scheme on the date the option was granted. But companies with existing schemes will be able to introduce the new rule retrospectively, provided they do so before April 1, 1989.

The new law will not take effect until the Finance Act comes into force.

David Cohen

PROFIT RELATED PAY

Pay and file revolution

SIXTEEN CLAUSES and an extensive schedule herald the introduction of tax relief for profit related pay (PRP).

The main features of the relief were announced in the Budget but the Finance Bill provides a welter of further detail.

All private sector employers will be able to set up PRP schemes; if a scheme is approved by the Inland Revenue the participants will enjoy tax relief.

The scheme rules must identify employees to receive PRP. New recruits with less than three years service can be excluded, as can part-timers working less than 20 hours a week; but at least 80 per cent of the rest of the workforce must be included. The only people who must be excluded are directors owing at least 25 per cent of the company.

Half of PRP will be free of income tax up to the point where PRP is 20 per cent of salary or £3,000 a year, whichever is lower. However, exemption from tax will be lost if pay is not subject to national insurance contributions or if the employee is already obtaining relief under another PRP scheme.

Tax relief will be given through the employer's PAYE system by an adjustment to the coding. Relief will only apply to payments made under a scheme which has been registered by the Revenue by the start of the first profit period to be covered. Employers will need to provide the Revenue with certificates declaring that the statutory conditions have been met, supported by an auditors' report, in order to register.

It will not be possible to register a scheme until the bill has received the royal assent which—unless a general election intervenes—is likely to be in late July or early August. Thereafter, the Revenue is guaranteeing that applications made at least three months before the intended commencement date will be registered before the end of the three month period.

Provision is also made for the Revenue to de-register a scheme and halt participants' tax relief. This may occur if there is a change in the PRP scheme employer, if the company makes losses or if the employer fails to comply with his statutory obligations.

The most complex parts of the legislation are those dealing with the computation of profits upon which PRP distributions will be based. This will be particularly difficult where the employment unit operating the scheme does not normally draw up separate accounts.

The profits must be those on the ordinary activities of the unit after taxation and must give a true and fair view of the unit's results. But the scheme will be able to provide for adjustments to reflect, for example, extraordinary items, interest charges, goodwill, tax, research and development costs and PRP itself.

The scheme rules will have to deal with the definition of profits and also with matters such as how often PRP is to be paid and how it is to be distributed among the workforce. All eligible employees must be invited to participate on similar terms but, as with approved share schemes, this does not preclude weighting of payments according to salary and length of service. The employer will have discretion to decide how to deal with employees who leave or join during a PRP period.

The Revenue say that, since the Budget, over 2,500 employers have expressed interest in PRP and they are encouraging employers to begin planning teir schemes now to be in a position to make early applications for registration after the royal asent.

Frances Corrie

Continued from facing page

ance in the final period of utilisation in order to correct imbalance. Where the final period of oil allowance utilisation ends on or after June 30 1987, participators will have further scope to balance their shares of oil allowance in both the final and penultimate periods.

Clause 159 remedies a defect in the rules for putting matters right where either too much or too little exploration and appraisal expenditure has been allowed for PRT. The provision applies to notices of decisions on expenditure claims given on or after March 17 1987.

Clause 160 and Part 12 of Schedule 21 provides for the repeal of the Exchange Control Act 1947 and the references to it in subsequent legislation.

Clause 161 provides definitions of gold and foreign currency to replace the references to the Exchange Control Act used in the Banking and Financial Dealings Act 1970.

Clause 162 amends the statutory provisions under which double taxation conventions are made in respect of income tax, corporation tax, capital gains tax and inheritance tax. The amendment meets representations made to the Government by the Select Committee on Statutory Instruments about an apparent mismatch between the wording of the titles, preambles and certain articles in the Statutory Instruments embodying double taxation conventions and the enabling provisions contained in the Taxes Act. By incorporating into the statute a form of words borrowed from the OECD Model Double Taxation Convention, exchange of information between the treaty partners (for the purpose, inter alia, of the prevention of fiscal evasion) is now made explicit.

Clause 163 and Schedule 21 make amendments clarifying points of detail and drafting which are necessary to facilitate the consolidation of income tax and corporation tax legislation.

Inland Revenue press release of March 17, 1987 contains further details of Clauses 20-26, 28, 30-31, 33-34, 36-47, 50, 52-56, 58-61, 67-135, 137, 147-151, 156-159.

Inland Revenue press release of April 8, 1987 gives further details about Clauses 36, 48-49, 61, 107-122, 139-146, 151.

INTERNATIONAL APPOINTMENTS

Chief executive switch at Barclays North America

BY WILLIAM HALL IN NEW YORK

MR JOHN A. KERSLAKE, the 50-year-old personnel chief of Barclays Bank, has been appointed chief executive of the group's North American operations, in succession to the 53-year old Mr Brian Pearse who is returning to London to be chief financial officer of the bank's worldwide operations.

Mr Kerslake, who joined Barclays in 1953, will assume his new duties on June 1 and will have overall responsibility for all of Barclays US banking and finance operations and Barclays Bank of Canada. More than 16 per cent of Barclays total assets of $116.8bn are in North America, making it the bank's largest commitment outside the UK, and nearly 8,000 of the group's 80,000 worldwide staff are employed in North America.

Mr Pearse—who joined Martins Bank (the business of which was integrated into Barclays in 1968), in 1950, and went on to head Barclays' UK retail banking operations in the UK—took over as chief executive of the group's North American operations at the start of 1983, and has overseen a steady improvement in its profitability. Having lost £42m in 1982, Barclays' US operations earned £63m last year.

Mr Kerslake, who joined Barclays in 1953, most recently served as general manager of the bank and the senior executive responsible for establishing human resources and personnel policy for the bank's world-wide staff. He has spent much of his career in Barclays International operations and between 1981 and 1983 was responsible for Barclays Middle Eastern and Asian business activities. He worked in Ghana and Nigeria during the 1960s and late 1970s and between 1973 and 1978 worked in the US as senior vice president of Barclays Bank of New York, and helped plan the bank's expansion into Long Island.

Mr John A. Kerslake, who takes top job for Barclays Bank in North America

Last year, Barclays moved into a new $200m 36-storey headquarters at 75, Wall Street —a move which symbolised the group's commitment to its single biggest market outside the UK. In addition to Barclays Bank of New York, the group owns Barclays Bank of California, has several offices servicing the wholesale banking and capital markets operations and a consumer and commercial finance subsidiary, Barclays-AmericanCorporation.

In his new role as Barclay's chief financial officer, Mr Pearse will have responsibility for all the financial aspects of the bank worldwide as well as strategic planning, risk management and treasury.

* * *

CHEMICAL BANK, of New York, has promoted two executives to posts as managing directors. Mr David M. Gelber becomes a managing director in the worldwide swaps group, and Mr Harry R. Larson a managing director in the municipal bond department.

At the same time, Mr Dennis P. Forand becomes senior vice president, payments group, financial services division, Mr James H. Kelley, Jr, takes similar rank in the information and technology services, retail operations division.

Kobe Steel elects president

KOBE STEEL, the fifth largest Japanese steelmaker, with a base in Osaka, has appointed Mr Sokichi Kametaka, 60, to the post of president, in succession to Mr Fuyuhiko Maki, reports Kyodo from Tokyo.

Mr Maki is to become an adviser. Mr Yugoro Komatsu is to retain his post as chairman.

Mr Kametaka, 60, who has a background in the raw materials field, worked with Mr Maki last year to form a rationalisation programme including a 6,000 cutback in personnel and the basing of wages on an efficiency rating system, aimed at meeting the protracted recession seen in the steel industry.

Top move at Merrill Lynch of Canada

MR IAN DELANEY, 43, has resigned as president of Merrill Lynch Canada, the offshoot of the New York-based brokerage house, to launch an independent investment consulting business, reports AP-DJ from Toronto.

Mr Michael Sanderson, Merrill Lynch Canada's chairman and chief executive, has assumed the president's title, pending the appointment of a permanent successor.

Alcan Aluminium in European move

BY ROBERT GIBBENS IN MONTREAL

ALCAN ALUMINIUM, the Canadian-based metals concern, has appointed Mr Hugh Faulkner, a former minister for science and technology in the Trudeau cabinet, as president of Alcan Aluminium of Geneva.

Alcan Geneva is to take on the additional job of new business development in Europe.

Mr Faulkner, 53, joined Alcan in 1981, and has been chief executive of Indian Aluminium Company, the Alcan affiliate in India.

His appointment and Alcan Geneva's additional task reflects the parent's strategy of expanding in high technology areas such as ceramics, fibre optics, gallium refining, micro-separation and metal matrix composites.

* * *

DICKENSON MINES has appointed Mr John Kachmar president and chief executive, in succession to Mr Peter Munro, who died on April 1.

Mr Kachmar has previously served as vice president, finance and chief financial officer of the Toronto-based company.

Bank of New Zealand Finance promotion

BY DAI HAYWARD IN WELLINGTON

BANK OF NEW ZEALAND Finance, a subsidiary of the BNZ has appointed Mr Roger Bonifant as general manager, to succeed Mr Chris Lynskey who has resigned to pursue his own business interests in the financial field.

Mr Bonifant was recently appointed assistant general manager after completing a two year term as part of the Prime Minister's Think Tank.

Mr Bonifant is also a director of the NZ Housing Corporation.

* * *

CABLE PRICE DOWNER, the New Zealand construction, manufacturing and export group, has appointed Mr Rick Christie managing director and chief executive in succession to Mr R. W. (Bill) Steel, who has retired after 16 years as chief executive of the group, but who is to remain chairman.

Mr Christie was formerly general manager, natural resources and chemicals for the BP group in New Zealand.

Accountancy Appointments

Accountancy Appointments

Financial Controller

To £27,500 + car, bonus etc
Sussex

This expanding sales, manufacturing and procurement company, part of a prominent US multi-national manufacturer of high technology equipment for the assembly of semi conductor devices, now wishes to appoint a Financial Controller.

As part of the company's continuing development plans, the newly appointed Financial Controller will be responsible for the development, control and coordination of effective accounting, budgetary and financial planning systems.

The successful applicant will be part of the senior management team and report directly to the Managing Director.

Applicants must be in possession of a major accounting qualification and must be able to display a successful track record in financial management. It is of paramount importance that applicants can demonstrate an energetic and outgoing attitude to life and business.

In addition to salary, benefits will include a car, non-contributory pension scheme and discretionary bonus relating to personal effect and company profitability.

Candidates can apply in confidence enclosing a full CV and current salary and quoting MCS/1029 to:
Michael Madgwick
Executive Selection Division
Price Waterhouse
Management Consultants
No.1 London Bridge
London SE1 9QL

Price Waterhouse

FINANCIAL CONTROLLER

Slough c.£25,000 + car

Our client is the leading UK manufacturer in its specialised, high quality sector. With a current turnover of £5 million and increasing profitability, the Company is a highly autonomous subsidiary of a diverse, US group.

A Financial Controller is now required who will assume responsibility for all financial and management accounting and for reporting to the US parent. Working closely with the Managing Director as a member of the senior management group, the appointee will be involved in all areas of the business but will advise particularly on the financial implications of commercial decisions.

The role calls for a qualified accountant with previous experience in a progressive, manufacturing environment. Probably young, but with a confident and mature management style, candidates should have a strong, commercial bias and excellent interpersonal skills.

Please write in confidence, quoting reference C6882/L, to Valerie Fairbank.

KPMG Peat Marwick McLintock
Executive Selection and Search
165 Queen Victoria Street, Blackfriars, London EC4V 3PD

PA to General Manager

Central London £26,000–£30,000 + car + benefits

This major plc, a household name, has substantially reorganised in order to take advantage of deregulation of the financial markets. This has led to a new and aggressive management structure and the creation of separate profir centres. A commercially-orientated business analyst is now required to act as PA to the General Manager who is responsible for 90% of the company's business, employing around 7,000 staff.

You will be involved in a number of wide-ranging activities from the development of strategic policy and business plans, to preparation of budgets and forecasts, performance analysis, and investigation and appraisal of new business activities. Extensive use will be made of computer modelling techniques.

As a key appointment, it calls for a graduate with an accounting qualification or an MBA, aged 26–30, with proven investigative, analytical and financial skills gained within a progressive commercial environment.

An independent individual, yourdemonstrate mature commercial judgement and the ability to anticipate problems, recommend solutions and communicate them concisely to senior management of all disciplines.

This role will provide considerable scope for a wide variety of promotional opportunities to an individual with enthusiasm and dedication to achieving improved company performance.

Remuneration will include a salary to £30,000, company car and substantial benefits, including a subsidised mortgage.

To apply, please send cv, in confidence, indicating current salary, to Fiona McMillan, Ref: 1389/FM/FT.

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Visible Development Role

Diverse International PLC Provides Dynamic Growth Potential

Age 25-29 Central London Flex c.£22-26,000 p.a. + car

Our client was established in the early part of the decade and is now a U.K. quoted company with turnover in excess of £250m, operating internationally within several diverse areas. Its existing business is continuing to expand profitably while it seeks further investments worldwide.

This growth has in turn generated the need for a corporate team to be actively involved in the company's financial development and plans. The particular role being currently recruited is seen as key not only in its short-term responsibilities but also in the impact it will have in terms of building and developing the team in the medium-term.

The successful applicant, a qualified Accountant who will be reporting to the Group Controller, will be initially involved in the provision of financial analysis of operational activity to the Main Board. This will include the development of business-orientated management reporting and planning systems.

The working environment is particularly entrepreneurial and hence it is essential that the successful individual be able to communicate financial information in a commercial and credible manner. The growing nature of the organisation likewise dictates that applicants must be able to demonstrate a very flexible and practical approach.

Some international travel to overseas operations may be required, although it is anticipated that this will be a limited amount.

The real appeal of this role lies with the variety and the potential visible involvement within an already successful but still young and growing organisation.

If you feel that you can respond to this challenge please call Karen Wilson B.A., A.C.M.A. on (01) 439 6911 or write to her enclosing a CV and note of your current salary at: Financial Management Selection, 21 Cork Street, London, W1X 1HB.

Financial Management Selection
Specialist Search and Selection Consultants

Divisional Finance Director

West Yorkshire to £35,000 + Car + Benefits

Our client is one of the principal divisions of a major UK public group with a turnover in excess of £100 million. Operating on a wide geographical base the division consists of three main businesses engaged in the manufacture and distribution of a range of consumer products. It is committed to both organic and acquisitional growth and has an outstanding track record of recent success.

Reporting to the Divisional Chief Executive you will have responsibility for a small department. Each of the operating units is self accounting with its own financial managers. Initial priorities will include the re-organisation of the accounting function and improvement of the existing management information systems to meet the demands of a fast moving business. In addition you will be actively involved in the commercial appraisal of potential businesses development and acquisitions.

The successful candidate will be a qualified accountant, aged 33+ with a progressive track record of achievements and well developed staff management skills preferably gained in a service based environment. Previous experience of managing and developing computerised systems is considered essential. Personal qualities will include flexibility and enthusiasm coupled with an assertive yet tactful style. Candidates must be able to demonstrate an understanding of overall group concepts and have the potential for personal career development.

Interested applicants should write to Stephen J. Broadhurst, quoting reference L8319, at the Executive Division, Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: 0532 450212).

MP

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Group Financial Controller

City c£45K + car + benefits

Our client, a London based financial services group with interests in banking, insurance and stock-broking, is looking to recruit a Group Financial Controller. Reporting to the Group Finance Director you will be responsible for the group-wide activities of the Finance Division and, in this context, will need to make regular visits to both UK and overseas subsidiaries.

This is a new role within the organisation and responsibilities will include ensuring a flow of management information of the highest quality; involvement in acquisitions and divestments; making Board presentations and managing ad hoc projects as they arise.

The successful applicant will be a graduate Chartered Accountant probably with a "big 8" background. Previous experience as a senior manager in a financial institution is essential. Aged 30-40 you will be resourceful, energetic and ambitious.

Interested candidates who meet these demanding requirements should write to Philip Rice MA, ACMA, Executive Division, enclosing a comprehensive curriculum vitae and daytime telephone number, quoting ref. 397 at 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Partnership
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ASDA

Opportunity for Young Achiever

Leeds c.£20,000 + Car + Bonus

ASDA STORES is the rapidly expanding £2 billion turnover superstore retailing division of the ASDA-MFI Group. As part of their continuous commitment to improving and increasing the professionalism of their finance function they seek to recruit a commercially aware young Chartered Accountant.

Reporting to the Business Planning Controller the Financial Investigations Manager will, through the supervision of a small department, be responsible for the investigation and implementation of major new business investment opportunities within the ASDA-MFI Group.

Candidates aged 28-32 will be qualified accountants of graduate intellect who in addition to a high degree of technical competence can demonstrate significant achievement at managerial level either in a major professional practice or a similar industrial environment. This is a unique opportunity to join a highly successful fast moving UK Plc at a senior level with the opportunity to play an active role in the overall management and direction of the business. Career prospects are excellent. Relocation facilities are available where appropriate.

Interested applicants should write to Paul Kinsey quoting reference L8320, at Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: 0532 450212).

MP

Michael Page Partnership
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Major International Group

Taxation Opportunities

Our client is the international holding company for the interests of a forward thinking, rapidly expanding group of companies.

Consistent growth in the past fifteen years results in a high calibre management team, based in Central London, operating in a diverse range of fields.

This has resulted in two vacancies within the Tax Department.

Group Tax Manager

c£28,000 + car

Reporting to the Managing Director, the successful applicant will be responsible for the UK and overseas tax affairs of the company. The role requires a well qualified taxation specialist with strong interpersonal skills.

Tax Senior

c£23,000

Assisting the Group Tax Manager in a range of compliance issues the work is varied and challenging. Developed computer skills would be advantageous. An excellent opportunity for that first move into the industry/commerce sector.

Interested applicants should call Jayne Thomas on 01-831 2000 (evenings/weekends 01-348 4278) or write to her at the Taxation Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality assured.

MP

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Accountancy Appointments

Finance Director

c£28,000 + Executive Car and Share Options

This is a £20 million engineering company with an extensive range of products and an expertise of longstanding international repute. In order to exploit these strengths more effectively, raise competitiveness and integrate acquisitions, the parent Group has recently instigated several changes at board level and this appointment will complete the restructuring.

The Finance Director is a key member of the executive team who will work very closely with the Managing Director, combining with him to review all facets of the business and establishing strategies for the future. A seasoned engineering finance professional is required with experience at board level of efficient engineering factory operations. The ability to institute relevant standard costing and contract cost control systems and to lead the DP/systems function (including MRP) is essential.

A clear mind, firm personality and a direct open management style will best fit the team. Age guideline 35-40. Success should lead to Group appointments in general management or finance, in the UK or overseas. Location off south M25. Full executive conditions and relocation assistance available.

Please apply in confidence quoting reference L295 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

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Selection & Search

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Executive Search and Selection Consultants

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European Group Controller

Cheshire

H. H. Robertson (UK) Ltd is a manufacturer and contractor for a range of cladding materials and prefabricated floors used in industrial and commercial buildings. Turnover exceeds £30m with exports a substantial part. The parent company is based in the USA, with the UK operation being responsible for the activities of the seven European subsidiaries. Due to retirement the senior finance position in Europe is shortly to be vacant and will be filled by the appointment of a Chartered Accountant, aged 30–40, who can demonstrate substantial accounting skills and commercial experience in this market. Language aptitudes would be appropriate. This is clearly a general management appointment providing involvement in all aspects of the business and with opportunity for further career development. The remuneration package is negotiable and will be of interest to those earning more than £25,000 and will include a company car and generous relocation assistance.

R.D. Howgate, Hoggett Bowers plc, *St. James's Court, 30 Brown Street,* MANCHESTER, M2 2JF, 061-832 3500. *Ref: M11005/FT*

Corporate Financial Review & Planning

Major Retail Group
Central London, c £25,000, Car, Benefits

This major public Group with multinational interests ranks as one of Europe's leading retailers. There is now an exciting new opportunity for two able young accountants to strengthen the corporate planning/review services to both the group board and senior financial managers. With responsibility for specific companies, a key element of the role would be to establish close relationships with director level personnel to exchange information and advise on a range of strategic, financial planning and review topics. Applicants in the 25–30 age range, MBA and/or qualified ACA/ACCA will probably have some commercial post-qualifying experience in a large, preferably multi-site, organisation. Computer literacy and experience of sophisticated MIS operations are highly desirable and the environment demands a strong, resilient and ambitious personality. Opportunities for career development to senior financial positions in the group or Head Office are excellent and achievable.

S.J.A. Nicholson, Hoggett Bowers plc, *1/2 Hanover Street,* LONDON, *W1R 9WB*, 01-734 6852. *Ref: H18004/FT*

Financial Director

Light Engineering
Devon, To £22,000, Bonus, Car

The holding company, a profitable and progressive British plc, places great emphasis on the quality of financial information in order to control its very autonomous subsidiaries. As a result, senior finance positions in operating companies have a high profile. This opportunity, which arises from an in-group promotion, is with a £5m turnover light engineering company which manufactures market leading maintenance equipment for vehicles, machine tools and process plant. Reporting to the Managing Director, the person appointed will have full responsibility for financial management of the company, with the support of a small team. From the outset active participation in strategic business decisions is expected. Candidates, qualified accountants aged 30–45 must have had experience at senior level of financial and management accounting in an engineering company which uses computerised systems. A thorough understanding of manufacturing costing methods is essential. Strong commercial awareness, self-assurance and a willingness to get involved are the personal qualities necessary for success. The area offers a wide choice of lifestyle – city or country, coastal or inland – and relocation assistance is available.

S.P. Spindler, Hoggett Bowers plc, *George V Place, 4 Thames Avenue,* WINDSOR, *SL4 1QP*, 0753 850851. *Ref: 24087/FT*

Financial Accountant

FMCG Company
Near Uxbridge, £20,000, Car

A major UK company with brand leading products in the UK and overseas is seeking a young, ambitious, qualified accountant (ACA/ACCA) for one of its operating divisions. This key position will report to the Chief Accountant and be responsible for a team of people who ensure proper accountancy procedures and controls are followed and, where necessary, introduced and developed. The individual required is likely to be 25 to 28 years of age, have good interpersonal skills, at least 2 years' commercial or professional experience and have the drive and ambition to progress within the organisation hopefully to Chief Accountant within a couple of years.

V.C. Pegna, Hoggett Bowers plc, *George V Place, 4 Thames Avenue,* WINDSOR, *SL4 1QP*, 0753 850851. *Ref: 16503/FT*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

QUALIFIED ACCOUNTANTS

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Our proven, free service is the easy, effective way to look around.

Write to:
Stuart Tait, Lansdowne Appointments Register
Park House, 207-211 The Vale, London W3 7QB or Tel: 01-743 6321

AUDIT SENIOR

£20,000 ACA/ACCA

For young and progressive firm of Chartered Accountants in W1
Client base requires a commercial aptitude coupled with technical expertise

Please call:
01-493 5001 (Noel Agency)

Food for Thought

SAINSBURY'S

J Sainsbury plc is one of the UK's most successful public companies. This is based on commitment to the continuing development of its stores, its systems and its people. It seeks two exceptional individuals who wish to join an organisation offering outstanding career potential in addition to continuing technical and intellectual challenge.

Audit Manager

A highly developed systems audit approach and Main Board support ensures that this is a high profile position.

Candidates will be Chartered Accountants aged 25-28, with at least 1 year post qualification experience and exposure to large systems based audit.

DP Audit Manager

The introduction of the latest retailing technology linked to the most sophisticated DP environment poses a fascinating test of potential.

Candidates, probably aged 26-30, will have at least 2 years' computer audit experience gained in an audit firm or highly developed DP environment.

Both positions offer contact at board level and require strong inter-personal skills, drive and ambition. Both offer attractive salaries, car and other benefits.

Please reply to Alison Hawley in strict confidence, enclosing full personal and career details, quoting reference 1743/A for the Audit Manager position, or 1743/D for the DP Audit Manager position, on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

PART-QUALIFIED

MONACO

Our client is a young highly successful service group, currently experiencing a period of rapid expansion. A young highly motivated part qualified accountant is sought for the new office in Monaco. As Finance and Administrative Manager, reporting to the Managing Director you will also have line responsibility to the Group Finance Director. A working knowledge of French would be a considerable advantage. Salary to £20,000 tax free (Sterling equivalent) together with a fully expensed company car. Ref: MH.

Robert Half Personnel
Roman House, Wood Street
London EC2Y 5BA
01-638 5191

Appointments Wanted

Experienced Accountant (45)

Seeks interesting and challenging situation where resourcefulness, initiative and wide ranging experience in industry and the profession (City) can be profitably utilised. Now available for long/short assignments UK/overseas. All offers considered.

Write Box [illegible], Financial Times 10 Cannon St., London EC4P 4BY

Head of international audit

UK or Europe based, c£25,000 + car

C&L

For a major US multinational with worldwide revenues of the order of $1 billion and a leader in their industry. Significant growth of the Group's international operations, particularly in Europe, has created the need for this new post.

As Senior International Auditor reporting to the US based Director of Internal Audit you will be responsible for developing and leading an international internal audit function with its major focus on Europe but including a variety of international operations particularly in South America. There will also be opportunities to assist with challenging special projects arising in the US. You will be expected to develop appropriate audit procedures and to select and train your own staff.

Aged in your mid to late twenties you must be a graduate chartered accountant, or equivalent. With a minimum of one year's post qualification experience you will probably have trained with a major international audit firm concentrating on the industrial or manufacturing sectors. You should be a good communicator with fluency in one or more European languages, in addition to English. Knowledge of US reporting requirements and computerised financial systems will be useful.

Internal Auditing is recently established within the Group and career prospects within and beyond the function are unusually good.

Résumés, including a daytime telephone number, to Torrance Smith, Ref. TS647.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

Circle K

Group Financial Controller

Southampton

c£30,000 + Car + benefits

Circle K, part of an international group of convenience stores, is one of the largest and fastest convenience store groups in the UK

Following the recent acquisition of the Sperrings group a Financial Controller is required who would have overall responsibility for group finance matters in the UK and reporting to the US parent company, and be capable of contributing to the further development of the UK company.

Applicants should be qualified accountants in senior management positions and should have a retail background. They should be experienced in the co-ordination and development of effective accounting, budgeting and financial planning in an environment where prompt management and financial reporting is critical. A good knowledge of computerised systems and controls is required.

Please send a comprehensive CV to:

Circle K (UK) Limited
c/o Richard Brocksom,
1 Surrey Street,
London WC2R 2PS

CIRCLE K

DEPUTY FINANCIAL DIRECTOR

C. London **Negotiable c.£25,000**

Our client is a dynamic young Plc (t/o c.£20 million) operating in the business information sector in the U.K. and Europe.

Due to expansion plans for the next 12 months via both acquisition and organic growth, they now seek a No 2 to the Group F.D., who will be groomed to succeed him in the near future.

Candidates should ideally be ACA's in their late 20's with at least two years post qualification experience outside the profession. Exposure to an international accounting environment and/or systems development work would be advantageous.

This is a rare opportunity for a young accountant to join an expanding Plc at an early stage of its development.

For more information contact **Adrian Barrett**, or send your CV to the address below.

01-489 8029 (24 hrs) 0582 841005 (evenings + weekends)
32-36 Fleet Lane London EC4M 4YA

FINANCIAL RECRUITMENT PARTNERSHIP

MANAGEMENT AUDITORS

Progressive High Technology Environment

Salary £18/£19,500 + car **Kent, Surrey, Sussex**

Our client, a British company - part of a very large multinational group, is a world leader in the design and manufacture of high technology products with a turnover of £170m.

Due to the expansion of the group audit function, vacancies exist for two ambitious accountants wishing to further their careers in a progressive company. The senior accountant will report directly to the Group Internal Audit Manager and the semi senior to him and other seniors.

Duties cover management audit investigation and the vetting of new computer systems in the UK, Europe and USA.

Candidates qualified or part qualified, aged 28 - 32, must have audit experience either in public practice or in a PLC preferably in the electronics industry.

The remuneration package will include a contributory pension scheme and five weeks holiday p.a. Prospects for advancement within the multinational group are exceptional.

Applications in strict confidence with full CV to Brian G Luxton under ref: 6914. Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Tel: 01-488 0155.

MERVYN HUGHES

JAMES FERGUSON HOLDINGS plc

GROUP FINANCIAL ACCOUNTANT

c.£16/18,000 pa plus car

Responsible for group budgeting and planning, as well as consolidations of both monthly management and year-end statutory accounts, having a positive input to overall group accounting policy and other related areas including auditors, VAT and the development of group reporting.

Our requirement is for a Chartered Accountant, preferably mid to late 20s with a minimum of 12 months' post-qualification experience in group finance or group consolidations with budgeting involvement and a practical understanding of computer systems.

The successful candidate will join a small team who maintain a close control over our group finance function. Preference will be given to candidates who display a confident and ambitious attitude towards their career development.

Send curriculum vitae in confidence to:

James Ferguson Holdings plc
Queensway House
London Road South
Poynton
Cheshire SK12 1NJ
marked for the attention of
Mr P. B. Johnson, Company Secretary

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IF YOU EARN OVER £25,000 PA AND ARE SEEKING A NEW OR BETTER JOB

In the accountancy or financial field our team of consultants, all of whom have had managing director level experience, can help you.

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32 Savile Row, London W1 Tel: 01-734 3879 (24 hours)

Connaught

Accountancy Appointments

GROUP FINANCIAL CONTROLLER

WC2 to £25,000

Our clients are a long established publicly quoted group with international interests in property and investment management. They now wish to recruit a group financial controller who will be responsible for the UK operations, reporting directly to the chairman.

Responsibilities will cover all aspects of the accounting and financial functions, including treasury management, supported by a small staff and using IBM micro-computer based systems.

Candidates, qualified Chartered Accountants, must be widely experienced in property and investment accounting and be able to assume full responsibility for these functions. The post would therefore be appropriate to a person of some maturity. The salary is negotiable to £25,000, with the normal range of company benefits.

Please write in confidence with full career details, quoting ref C5762 to John W Hills.

KPMG Peat Marwick McLintock

Executive Selection and Search
165 Queen Victoria Street, Blackfriars, London EC4V 3PD

FINANCIAL CONTROLLER

Southern Spain

La Manga Club, situated on the Costa Calida, is Europe's leading villa, leisure and sports complex, particularly renowned for its two championship golf courses.
La Manga Club is part of a substantial UK group.

A Financial Controller is required who, reporting to the Finance Director and supervising a team of accountants and support staff, will have as key priorities management reporting and the enhancement of internal controls. A willingness to adopt a hands on approach is essential.

Candidates should be qualified accountants with sound technical accounting skills and proven staff management ability. Whilst the complex has 800 villas, it is still in a development phase and previous experience in construction or contracting would be a definite advantage. Fluency in Spanish is also desirable.

In addition to an attractive salary, a furnished home, a company car and the use of extensive sporting facilities are also available.

Please write in confidence, quoting reference, I3352/L, to Valerie Fairbank.

KPMG Peat Marwick McLintock

Executive Selection and Search
165 Queen Victoria Street, Blackfriars, London EC4V 3PD

Financial Controller

North East London — to £35,000 + car

Our client is one of Europe's largest privately-owned group of companies with an aggressive and highly commercial profile.

One of their subsidiaries specialises in the marketing and distribution of pre-recorded video films for which they are seeking a Financial Controller who will assist the Managing Director. The position will be supported by a small team and the responsibilities will encompass all aspects of finance and administration.

The company operates in a highly competitive and rapidly changing market. The position will therefore appeal to an ambitious and commercially minded individual who enjoys working in a fast moving environment.

The successful candidate, aged over 30, must have the ability to work in a small company environment, and is likely to be a qualified accountant with a background in retail or distribution. A knowledge of computer based accounting systems would be an advantage.

Interested applicants should write to Jon Anderson ACMA enclosing a comprehensive C.V. and daytime telephone number at the Executive Division, 39-41 Parker Street, London WC2B 5LH, quoting ref No. 398.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Chief Accountant Banking

Southern Home Counties — c£35K + car + benefits

Our client, a widely diversified banking group and an extremely well respected company within the City, is seeking to recruit a Chief Accountant to head up its Finance Division based in Sussex.

This is a key role within the organisation and responsibilities include; the management of ten staff in preparing monthly management information, statutory accounts, tax computations, budgets and Bank of England returns. Presentations would be made to the Board and the ability to communicate effectively at this level is essential.

You will be aged 30-40 and a graduate Chartered Accountant. Recent experience in a senior financial position in banking is desirable, however a background in a financial institution of some description is essential.

An exceptional salary package is offered and interested candidates who closely match the requirements should write to Philip Rice MA, ACMA, Executive Division, enclosing a comprehensive C.V. and daytime telephone number quoting ref. 396 at 39-41 Parker Street, London WC2B 5LH.

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Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Finance Director

S. Manchester — c£20,000 + car

Our client is a profitable, autonomous £6m t/o manufacturing subsidiary of a major UK Plc operating from modern premises in South Manchester.

Internal promotion has created the requirement for a Finance Director, to assume complete responsibility for the on-site finance and DP functions. Although technical capability is essential, the major emphasis of the position will be commercially orientated. The successful applicant will be expected to work very closely with the Managing Director to form an integral part of a cohesive management team. Specific areas of involvement will include strong input to the areas of costing and pricing, negotiations with customers, suppliers and unions, business planning and systems development.

Candidates, aged 28-35, should be qualified accountants (preferably ACMA), who can demonstrate a strong track record of success gained in manufacturing environments, coupled with the interpersonal skills and mature self confidence required to progress to a Managing Directorship within 5 years.

Interest applicants should write to Frederick Howie, quoting ref. 7083, at the Executive Division, Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Tel: 061-228 0396.

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Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Director Designate

HARVEST MOON

Leicester — c£25,000 + car + bonus

Our client is Lesley Dee Fashion Group Ltd, a highly profitable and rapidly expanding company currently employing over 400 people. Activities are based on the design and manufacture of knitted clothing for distribution throughout the UK and include retailing and promotion.

The role, reporting to the Managing Director, includes the provision of all statutory and management information, corporate planning, budgetary control/forecasting and the development of financial strategy possibly leading to a market quotation. You will also be expected to become fully involved in all aspects of the 'groups' affairs as a senior member of the management team.

Suitable candidates will preferably be Chartered Accountants with up to 5 years' post qualification experience, a high degree of commercial awareness, ambition and a determination to succeed.

Applicants should contact Rod Shaw quoting ref. 5010 giving full details of career to date at the Executive Division, Michael Page Partnership, Imperial Building, Victoria Street, Nottingham NG1 2EX, or telephone 0602 410130.

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Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Senior Financial Management

ICI Imperial Chemical Industries PLC

Cheshire — £25,000 + Car

This position arises from the promotion of the present occupant and represents a rare opportunity to join one of the UK's leading multinational companies at a senior management level.

Reporting to the Corporate Audit Manager, the appointee will manage a substantial high-calibre team. He/she will be responsible for directing the growth and future development of a comprehensive internal audit service covering all corporate systems and activities in Western Europe. This post is seen as the initial role in a long term career in senior financial management throughout the Group's international operations.

Applicants should be graduate Chartered Accountants, aged 28-35, with a minimum of 3 years' audit management experience, who can demonstrate the intellect, drive and ambition required to succeed in a highly competitive environment.

Comprehensive relocation facilities are available where appropriate. Interested applicants should contact Stephen Banks, ACMA, quoting ref. 7084 on 061-228 0396, at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

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Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

International Financial Management

London/Kent border — to £20,000 + Car

Our client is a highly successful worldwide manufacturing group with a turnover approaching £200 million.

A vacancy exists for a qualified accountant to undertake a high profile role in the group's overseas operations in Europe, the United States, Africa, Asia and Australia. The work will include provision of management information, analysis of performance and special investigations involving extensive contact with general management and some overseas travel.

Successful candidates will be under 35 with experience of manufacturing operations. While a group and international background would be an advantage, a mature approach and good communications skills are essential. In addition to the attractive salary package, the company offers excellent career prospects and relocation assistance.

For further information contact Chris Sale on 01-831 2000 (evenings and weekends 01-622 5321) or write to Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH, quoting reference LS426.

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Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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Accountancy Appointments

Corporate Management

Major UK Bank

City

This client is a major UK bank which now seeks to make two key appointments that will direct financial control and advance the development of information technology within the area of corporate business.

Manager – Financial Control c£27,500 + car and banking benefits

This role will take prime responsibility for the performance analysis, forecasting and control aspects of corporate business. Candidates will preferably have a background within financial services and the ability to present at exective level is essential.

Manager – Financial Planning c£23,000 + car and banking benefits

Responsibility for development of management information and analysis in respect of corporate business is the prime function of this role. Previous experience of analysis ideally within the finance sector is desirable.

Both these new positions require qualified accountants with a high degree of self motivation coupled with sound communication skills and experience of providing analytical and decision support information to senior management. Career prospects are excellent and not necessarily confined purely to finance.

Please write enclosing full resume quoting ref: 127 to:–
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.
Telephone: 01-839 4572.

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

ACA's for Merchant Banking — to £25k + Benefits

DEPUTY TO CHIEF ACCOUNTANT
Required for rapidly expanding Capital Markets division of European Bank.
Must have experience of Bonds. Exposure to Futures, Swaps, Options, etc. useful.

MANAGER—ACCOUNTS DEPARTMENT
For established European Bank. Banking experience gained in the profession or with a bank is essential. Responsibility for reporting and controls etc. Commercial German and knowledge of Midas useful.

To discuss these positions please call James Jarratt on 01-588 4303
T— Kerrigan Associates,
20 Wormwood Street,
Bishopsgate,
London EC2M 1RQ.

ACMA · ACA · ACCA

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To meet this growing demand for the most effective business solutions, we're now focusing all our skills and experience in a dedicated Financial Services Group which we expect to double in size by 1989. The result is an outstanding opportunity for high flying Systems Accountants and Management Accountants to reap the rewards of greater recognition and involvement in the most exciting arena of all.

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Working with senior financial decision makers, your highly visible role will be to improve and manage the systems and management information on which our clients' success depends; projects calling for outstanding technical knowledge, business acumen and interpersonal skills.

You'll also benefit in terms of our ability to match your highest expectations. The career progression for those who distinguish themselves is exceptional, while starting salaries can range as high as £35,000. These are backed by many generous benefits and a car.

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Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL.

Financial Accountant

International Securities — £20,000–£25,000

Our client is a major firm of international stockbrokers, closely associated with a major banking group. Due to rapid expansion they are currently looking to recruit an ambitious, recently qualified ACA to head-up their financial accounting department.

You will be expected to play a key role in the running and development of this department. A role which will test both your accounting skills and your interpersonal skills, since you will have considerable contact with traders as well as senior management. Your levels of commitment, initiative and stamina will also be tested by the tight reporting deadlines demanded by our client's parent organisation.

Additionally, as today's stock market relies heavily on new technology, we must demand a high level of computer literacy in all applicants.

In return, a generous salary and a highly attractive benefits package are offered, along with the excellent career prospects you would expect as part of a major international banking group.

To apply for this challenging role, please write with full career details to S Stephenson, Moxon Dolphin & Kerby Ltd., 178-202 Great Portland Street, London W1N 6JJ.

MOXON·DOLPHIN·KERBY
EXECUTIVE SEARCH & SELECTION

Finance Director

Based Bristol — **Circa. £20,000 plus Car**

With a recent acquisition and a revitalised management approach, this £3 million turnover company is in a position to take full advantage of its reputation and the International markets it already serves. The immediate requirement is for a profit conscious, qualified accountant probably aged between 30 and 40, with a minimum of 3 years experience in manufacturing, to take over full responsibility for its financial management and accounting and to work in close commercial co-operation with the forward looking Managing Director. Manufacturing is currently on 3 sites but the increasing importance of the Bristol factory will require residence in the West Country.

Enthusiasm, commitment and a practical approach will prove to be essential characteristics in addition to the ability to develop management information and cost control within the overall strategic plan. As part of a substantial British Group the career opportunities available will bear a direct relationship to achievement.

Interested applicants should send full career and personal details to John Overton FCA, Managing Director, Overton Management Selection, 3 Berkeley Square, London, W1X 5HG, or telephone 01-408 1401 for an application form quoting reference 11/1190.

OVERTON MANAGEMENT SELECTION
APPLICATIONS ARE WELCOMED FROM MEN AND WOMEN

SENIOR ACCOUNTANCY APPOINTMENTS
MARINE INSURANCE

Our client is a successful and expanding organisation managing the marine insurance business of two leading insurance companies. With a £50 million turnover and 80 staff in Basildon and The City, they are an autonomous member of a leading financial services group.

Expansion of the accounting function now creates two exceptional career development opportunities:

To £25,000p.a. + benefits
Basildon, Essex

Chief Accountant c.£25,000p.a.

This is an important role which demands the ability to 'lead from the front.' Having qualified with a leading accountancy firm, you will probably be in your late 20's to early 30's and thoroughly experienced in computer-based accounting systems. Both man-management and technical skills are required. Insurance or financial services experience is desirable but not essential.

Accountant c.£15,000p.a.

This is an ideal opportunity for a newly-qualified Accountant to supervise a small team and undertake a variety of projects. Although mainly a financial accounting role, systems experience would be a distinct advantage.

These are high visibility roles for professionals with clear management potential. Salaries are enhanced by benefits and excellent prospects.

Please write in the first instance with a full C.V. to: Simon Woods, Stafford Long & Partners Recruitment Limited, Jellicoe House, 374 Euston Road, London NW1 3BL, quoting ref 5033. Please state in a covering letter any companies to whom your application should not be sent.

Stafford Long & PARTNERS

Business Development Manager

South Yorkshire

Negotiable Package c. £20,000

Barnsley Business and Innovation Centre is funded by Barnsley M.B.C., British Coal Enterprise Ltd., the EEC and the private sector. It will be a major force for business start-up and development, particularly in the area of innovative technology, drawing upon a talent pool of technical and managerial skills from major firms, banks and universities. Purpose-built, high-technology style premises will be provided, offering incubator units and support services. The BIC will also assist with project evaluation, training, marketing and access to finance.

A Business Development Manager is required to join a small, highly professional team. Reporting to the Chief Executive, responsibility is to advise candidate enterprises in planning and developing their businesses and to facilitate appropriate financial packages. Main tasks include co-ordinating management skills training and the activities of a talent pool of specialists. Involvement both in business planning for the more complex projects and in developing sources of finance will require maintaining close links with the EEC, DTI and financial institutions.

Candidates must be qualified accountants with general management and business development experience, preferably in technology based and related growth companies. The post demands motivation skills, business flair and a strong drive for success.

An attractive package is negotiable, including short-term housing assistance and costs of relocating to this attractive part of South Yorkshire.

Please write in confidence with full career, personal and salary details, quoting Ref R147 to: **Derran Sewell, Corporate Resourcing, Arthur Young Management Consultants, Commercial Union House, Albert Square, Manchester M2 6LP.**

Arthur Young Corporate Resourcing
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

ACCOUNTING IN THE CITY

Deputy Chief Accountant to £25,000 + bank benefits

This role represents a "step up" for a recently qualified chartered accountant who can show 3 years of audit or accounting experience in the wholesale banking sector gained either internally or externally. Reporting to the chief accountant of this progressive organisation your duties would include reports to local and European management, financial control of the securities operation and a substantial amount of ad hoc duties. Ref: RS0406

Chief Accountant to £35,000 + fully expensed car + bank benefits

This quality British merchant bank enjoys a high reputation for the professional service it provides to its prestigious clients. Duties will include supervising 28 staff, treasury, management and statutory accounting, regulatory returns, taxation and systems enhancement. Ideally you will be a graduate qualified accountant aged to 35 who can demonstrate a strong track record in the banking industry. Ref: RS0411

Telephone: 01-256 5041 (out of hours: 023065-286)

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, LONDON EC2A 1AD.

Management Accountant – £22,000

Property Services:

Your CIMA/CACA qualification and blue chip company experience will add weight to the young, expanding finance department of large City organisation. While co-ordinating and producing management accounts, this is definitely a developmental role.

Advise the senior Property Management team on financial planning, costing and systems so well-developed communication skills are vital. You will be confident, highly persuasive with the strength of character to "represent" the Finance Department. Excellent package and tremendous prospects in this exploding environment.

Telephone or send curriculum vitae to:
Stephen Greenwood or Maggie Love

·LOVE + TATE·
APPOINTMENTS
01 283 0111 · 70 OLD BROAD STREET · LONDON EC2

TRAINING MANAGER

London, West End — **Negotiable salary**

Leigh Carr is a medium-size, rapidly expanding practice. In order to improve even further the high standard of service and the quality of the work we offer all our clients, we now wish to appoint a Training Manager.

Ideally, candidates will be qualified accountants with at least two years' relevant training experience in a professional environment.

The manager will take control of all aspects of professional development, ensuring that standards at all levels throughout the practice are maintained, and may also be involved in recruitment and technical releases.

All applications in writing together with CV, to arrive by April 27th, should be addressed to:

J.H. Craig FCA,
27-31 Blandford Street, London W1H 3AD

LEIGH CARR
Chartered Accountants

Accountancy Appointments

Accountancy Appointments

Exceptional career development opportunity

General Manager

Financial Background

West of London — **Salary negotiable + car & benefits**

A major UK building materials group is seeking to strengthen its Corporate Development team by recruiting an experienced general manager with analytical skills to target, negotiate and implement expansions and acquisitions, as part of its overall strategy, and then take on a senior role in one of its subsidiaries.

Candidates are likely to be graduates, aged between 35 and 45, with an MBA, accountancy or equivalent qualification and with at least 5 years general management experience in the manufacturing or engineering industry.

The ideal candidate will be a self-starter, with an outstanding track record, and strong leadership qualities. He or she will be able to work alone or as part of a small highly motivated team.

Attractive benefits include a 2.5 litre car, an excellent pension scheme, and generous relocation expenses if appropriate. There are genuine prospects for rapid career development either in the UK or overseas.

Please write with a full CV to Richard Brasher at the Maidenhead address below or telephone for further information.

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Financial Controller

—Product Group

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Applications in the age range 30-45 must have at least five years commercial experience preferably in the engineering sector.

Write giving career and salary details and daytime telephone number to:

The Chairman, G.O.C. LIMITED,
G.O.C. LIMITED
G.O.C. House, Blackwater Way, Aldershot, Hants.
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Please write in complete confidence, submitting a concise curriculum vitae and current salary details, quoting reference 17499 to:

Peter Childs,
Pannell Kerr Forster Associates,
New Garden House,
78 Hatton Garden,
London EC1N 8JA.

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MANAGEMENT CONSULTANTS

European Equity Analyst

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The Company offers:–

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*Remuneration package includes fully expensed company car.

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Job Ref: CJ 123

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Applicants should be qualified accountants aged around 35 with line accounting and man-management experience. It is essential to be able to work with initiative and autonomy and play a pro-active role in the development of the business. The applicant must be fully conversant with computerised systems of accounting and the new technologies. There are opportunities for career development.

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Candidates should be aged 30-35, be qualified Accountants and have international experience within the shipping industry.

A highly competitive remuneration package is offered together with a re-location allowance, if appropriate.

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Candidates should be chartered accountants in their mid-thirties with at least three years' engineering industry experience. They must have had managerial responsibility for an accounts department and successfully developed and implemented computerised accounting systems.

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Touche Ross
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Financial Controller

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BKI
SEARCH AND SELECTION

Feona McEwan on the benefits - both to companies and students - of government sponsorship of young designers in UK industry

The way to capitalise on outward appearance

● WHEN 23-year-old David Gale walked out of Newcastle Polytechnic with his industrial design degree and into Osram GEC, the contract lighting division of GEC, Britain's leading electrical and electronics group, it was an enlightening experience all round.

Gale had never studied lighting before and Osram, despite its track record in the business, had only officially recognised designer power some 18 months earlier, when its first lighting design department was set up.

Historically, products had been put together by electrical engineers whose expertise is rooted in the mechanics rather than the aesthetics of a product—how it functions rather than how it looks. It was only when chief designer Bob Southall noticed that Osram was missing out on the prestige office contract field (where tailer-made fittings are demanded) that the design department was born.

Gale's arrival last October brought the design team up to 10 strong and flags the company's new enthusiasm for the role of design in its fortunes. Already there are signs of bottom line results. According to commercial director, David Schofield, the department has generated some £1.3m of new business so far this year. Turnover is growing annually at the rate of 30 to 40 per cent with ample room for growth.

Gale's early days involved a steep learning curve, negotiated thanks to help from engineering colleagues. Much of his work involves modification of existing products. One of his proudest efforts has involved taking an existing freestanding uplighter and adapting it to a ceiling mounted uplighter. The new light was not only within budget but now delivers a healthy profit on top.

● When young graduate Barry Sinclair arrived fresh from Colchester Institue of Higher Education at the Yorkshire-based Ohmeda, makers of medical equipment for the anaesthetic market, he was its first full-time industrial designer and the company was worried there was not enough work for him. Nine months later, it is surprised at the impact his skills are having on the business and has no doubts that there is ample work around. Sinclair suggests wryly there is almost "too much to do."

For Ohmeda, which prides itself on its strong research and development division of 35 mechanical and electrical engineers, there is the discovery of the benefits of a designer on the spot. For years, it has used external and often geographically distant consultancies.

"The dialogue is much better," says Brian Robinson, engineering services manager. "We are now putting the designer in at the beginning of the product development process. This gives engineers an idea of what it could look like and the marketing people can get early feedback." That way, he adds, you reduce the risk of having to correct things like size, shape, and graphics, later on.

Aesthetics

● Stephen Knobel moved from college at Colchester to join Betol Machinery, makers of integrated extrusion equipment for the plastics industry (part of the Thermal Scientific group) and became its first industrial designer. "One of my better decisions," says David Beddus, technical director of the 80-strong company. "For the first time, we have someone to look at the aesthetics of the machinery, to make it look as if it does the job. This is vital in a business where the buyer, the chairman or managing director is not the end user."

In the past, the machinery has been constructed by engineers who tend to concentrate more on inner than outer appearances.

One year on, Betol is so pleased with Knobel's progress that it is training his eye on its export business to help produce products for its sister company in the US. What customers like in the US is very different from that in the UK, says Beddus. They prefer a chunky robust look compared with a more hi-tech look in the UK. "Look at the latest car ranges in both countries and you'll see what I mean."

ALL THREE designers are products of the Young Designers into Industry scheme, inspired and run by the Royal Society of Arts, funded by the Government and endorsed heartily by John Butcher, the Industry under secretary, as part of the drive to wed industry and design. As a matchmaking exercise, the YDI scheme is patently one of the most successful government-backed initiatives, introducing as it does selected candidates into relevant host companies for a one-year placement, after which they might be taken on permanently.

From the pilot scheme, which focused on textile designers, eight of the 12 graduates took jobs with their host companies, three went on to freelance and one returned to college before returning to industry.

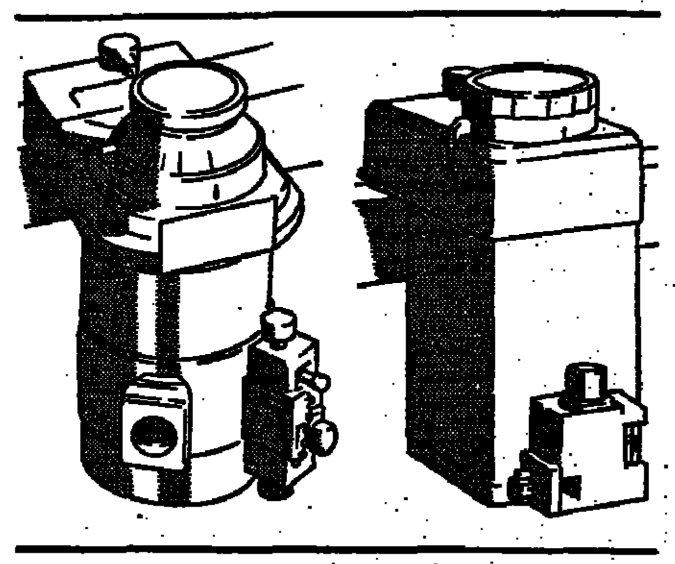
Of the 39 candidates involved in the scheme to date, two proved ill-matched and were subsequently switched to alternative companies; and many of the current batch of students appear likely to be offered permanent posts when their probationary period ends.

In its second year, the RSA, which runs the project, widened the scope to include industrial product design, ranging from domestic equipment, furniture and lighting to industrial machinery and equipment—areas where British industry is hard-pressed by overseas competition.

The Department of Trade and Industry pays half each designer's salary during the probationary year (about £3,500). In total the DTI has committed £250,000 to the scheme and this is expected to rise to £750,000 by 1990. By that time, the RSA plans to have put some 150 students through the scheme and it hopes that thereafter industry will adopt and fund the scheme itself.

In effect, the YDI scheme is a grass roots attempt to demonstrate in practice what benefits a designer can bring a company, rather like the funded consultancy scheme operated out of the Design Council, which offers small and medium companies 15 days of subsidised design consultancy.

Such a marrying of the inexperienced (designers with little work experience and companies with little design management practice) risks ending in tears, but results so far prove the cynics wrong. The learning curve operates on both sides, often leading to unorthodox applications of the designers' talents.



Vaporizers from Ohmeda—before and after (right) they received the attention of an industrial designer

Betol, for instance, is considering setting its young industrial designer loose on the corporate identity of the group. In other companies, product designers have found themselves redesigning the company notepaper, the company brochure and so on, pace graphics and corporate identity specialists.

For the host companies, the YDI scheme comes as a valuable short cut to the designer selection process, and at an economical rate. As one put it bluntly: "To be offered a designer on a plate at half price, we really couldn't lose." However, every company, has its own reasons for, and benefits from, using the scheme.

The decision of hosiery manufacturer, Simpson, Wright and Lowe (main supplier to Marks and Spencer and other major chain stores) to take on designer Sarah Matthews last year was symptomatic of a shift in company emphasis, begun two years ago, that it was in the fashion rather than the commodity business.

"It's a fashion-oriented business, now," says Fred Stewart, the company's commercial director. "We need designers to keep an eye on trends in design and colour, something that previously might have been decided by the knitters or the salesmen." To help do this, designers are sent overseas to keep tabs on the competition. Matthews has already been to Milan and Paris.

To design-conscious Baker Perkins, the confectionery to chemicals group, the scheme has not so much switched on the light as "boosted the wattage," according to Roger Coulthard, principal industrial designer, whose department has grown fast in the last three years. The company now employs eight industrial designers.

Similarly, for Next, the fashionable high street retailer, the scheme that brought it Katherine Salisbury, now a trainee ladies knitwear buyer, offered a valuable short cut. "I only wish the scheme had been available when I left college," says her department head, Judy Thompson.

When Hield Brothers, worsted cloth manufacturers, took on Helen Smith as its first furnishing designer, it found her college experience in upholstery design helpful in developing new ranges.

For the students the move into industry brings its own shocks. Some of the most heartfelt are meeting deadlines, learning to work in teams and the need to get it right first time. ("You can't be as creative as you were at college," said one, "you have to be practical and learn to compromise.")

Back at Osram GEC, the design revolution is gaining momentum. The company is substantially reorganising its design force, bringing engineers and designers together under the one roof, though this is not without its rows as each side gets to know the other better.

"This is our first year of employing pure designers," says Schofield (only one was on the YDI scheme). "We've taken them on for their fresh, clean, and bright ideas. You can't buy designers in our field so you have to grow your own. Now we're drawing up a scheme to have more of them." Their impact, he believes, goes far beyond the new business already won—"they are the way forward," he says.

Castrol

Why technology is an arrow in the marketing quiver

Lucy Kellaway explains European reaction to a new motor oil

INNOVATE, and segregate. That is what the marketing text books will tell you to do in order to thrive in a mature market.

Castrol appears to have taken such lessons seriously. It has created a new slot within the market for high quality engine oils in Europe by developing a product to fit it. While its rivals are busily scratching away to produce something similar, Castrol is apparently enjoying sole occupancy in its new market segment.

The product, called GTX3, is specially designed for engines fitted with a three way catalytic converter. These converters transform poisonous exhaust fumes into harmless gases, and are rapidly being introduced throughout Europe to meet strict exhaust emission standards. By October next year all new cars in Europe are likely to have them.

As early as 1983, when motor manufacturers were still perfecting the converter and when legislation on car emissions seemed a long way away, Castrol spotted that this could be a great marketing opportunity.

Immediately teams of scientists began a two year research programme, one of the most expensive yet mounted by Castrol, costing about £2m. The result is a product which professes to make the catalyst work more efficiently and last longer.

Early research showed that one of the additives used in most conventional engines disagreed with the catalyst by hampering its conversion powers. Castrol's challenge was to come up with a high quality oil that did not use those ingredients—a task which it compared with making an omelette without an egg yolk.

While Castrol is proud of its technological achievement, it regards the whole exercise as secondary to the marketing exercise. "Technology is just an arrow in our marketing quiver. We never sit down to invent a super new product, and then wonder how to sell it," says Jonathan Fry, Castrol's chief executive. Instead, he says the company strives to spot a good marketing idea, and then develops a product to suit it.

However, this does not mean that the technology is unimportant, and a launch that was mainly "based on puff" simply would not work, Dr Gerald Owen, marketing and technical director, insists.

The GTX3 marketing drive has been more rewarding than most, or as Fry puts it "has got us the support of Labour, the Tories and the SDP." The company says it has achieved three things at one swoop; it has given a boost to its image as an innovator in the market, improved its competitive position, and increased its profits. And as a bonus, it has picked up some brownie points for being environmentally responsible.

"The French experience marks the pinnacle of the GTX3 marketing achievement"

During the two years leading up to the first launch of the product in Austria in October 1985, Castrol was busy preparing a story to tell to the car manufacturers, dealers and the motorist. To the manufacturer it stressed that the oil makes the converters work better—and convinced Mercedes, BMW and Volkswagen to recommend the product.

To the dealer — which in Europe generally services the car—Castrol said that the "high tech" element in the oil would impress the customers, while allowing the dealer to make fatter margins on sales of the oil.

Meanwhile, consumers were told that the oil would make their catalyst system, which may cost between £400 and £800, a better investment. Furthermore, by using the oil motorists can feel they are doing their bit to try to save the dying forests of West Germany.

The results have been startling. The oil has been introduced gradually throughout Europe over the past 18 months, mainly to coincide with the introduction of the legislation in different countries. Already Castrol claims that over half of the 200m litres of engine oil that it sells to Europe each year is now made up of its new range of oils.

This marks a financial triumph for Castrol. Because of the special high-tech image of the oil, the consumer seems happy to pay more for it. Margins are about 5 per cent higher than on the old ranges, which on 100m litres at about £2 a litre, could mean an extra profit of some £10m a year.

One major market which Castrol has still to test with its "catalyst compatible" oils is the UK. Not only is the UK reluctant to introduce any anti-pollution legislation until the last minute permitted by the EEC, the British consumer is the most price sensitive in Europe and Castrol has long since discovered that persuading British motorists to pay extra is not easy.

Meanwhile the French consumer could not be more different from its UK counterpart, and the French experience marks the pinnacle of the GTX3 marketing achievement. While catalysts have yet to be introduced to France, already French motorists are happily tipping the costly new lubricant into their engines.

It seems that Castrol has latched onto the French love for the avant garde, and with the slogan "Castrol GTX3: Un futur d'avance," has prompted the motorist needlessly to anticipate the costly introduction of the catalyst into France.

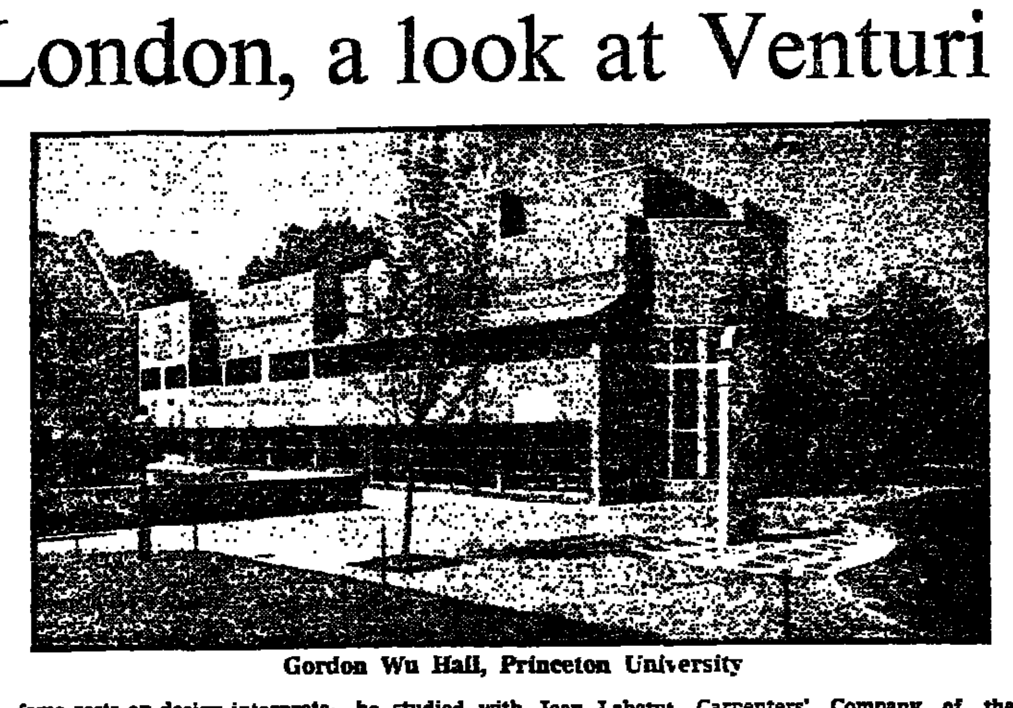
Letter from Philadelphia/Paula Deitz

Before London, a look at Venturi at home

William Penn, along with other members of the Society of Friends, laid out the city of Philadelphia on a peninsula in the Delaware and Schulykill Rivers after he received the Pennsylvania grant from King Charles II in 1681. Billy Penn, as local residents call him, still presides over the city in his effigy atop City Hall's dome, sculpted in the 19th century by Alexander Milne Calder, the grandfather of the mobile sculptor of our age.

Until this year, the skyline receded from City Hall, for no building was permitted to exceed Penn's height. But now that rule has fallen, and Independence Place, a double 25-storey complex under construction, towers by its side, another chapter in an architectural history from which many good examples remain preserved.

This preamble also suggests the setting for the Philadelphia architect who has been selected by the National Gallery to design its adjacent Sainsbury Wing on Trafalgar Square—his plans will be unveiled in London next week. There is no hint of this momentous event, as one rounds a bend in the Schulykill on the way to Robert Venturi's office and studio in an old brick carpet factory building on Main Street.



Gordon Wu Hall, Princeton University

The ground floor, with its blacked-out storefront windows is off limits as the headquarters for the National Gallery design team and the models about to be transported to London. But upstairs is a thriving practice geared to Philadelphia as well as to university campuses, other museums (also in tight urban spots) and an apartment house for Boston in the wings. But one can hardly see the individual models and design tables for the variety of chairs. Venturi loves chairs and designs them in traditional forms appropriate to his new buildings or renovations.

Venturi began his Philadelphia practice in 1958, after working with the great Philadelphia architect Louis Kahn; and some of Venturi, Rauch and Scott Brown's present projects fall into that category they call "second glance architecture" where nothing in a renovation—of a market or a library—appears to be changed. Logical reorganisation and planning is their forté, even though their fame rests on design interpretations of Venturi's early thesis calling for a mixed architecture, including historical motifs, that more clearly reflects the complexities of life. Though others may follow Venturi's gospel, since he wrote it, he may also embellish it as he has done over the years.

Walking around Philadelphia, one sees the Venturi buildings in their everyday context rather than isolated as icons in textbook photographs. Guild House, for example, the Friends Housing for the elderly, with Venturi's signature high arched window, brick facade and prominent sign, does seem, beside a busy thoroughfare, to blend in as an ordinary housing development. Not just brick but patterned brick, using a mixture of those charred black in combination with various reds that recall Flemish or Elizabethan designs, has always been the manière of Philadelphia. And Venturi has developed these exterior patterns to a point which creates a visual definition despite even the flat facades frequently required by such new science buildings as the Institute for Scientific Information on Market Street. Here brick alternates with porcelain tiles in white, blue, pink and orange in a rigorous but wild geometric pattern.

Venturi went to Princeton University in New Jersey where he studied with Jean Labatut who taught a need to understand architecture in the context of history, and now Venturi has returned there with extensive designs for a campus which has generally followed the Oxford-Cambridge tradition. Venturi's Gordon Wu Hall, a social and dining facility for Butler College, is of red brick with a running course of black brick, a large arched window and a two-storey cylindrical bay window at either end (not unlike those of Lutyen's Nashdom) seen inside from the commons and from the combination grand stairway and bleachers. A mural of inlaid black-and-white stone over the principal door alludes to symmetrical forms symbolic of entrances; archways, or two trees placed beside the door of a small house. Inset along the main facade are a series of limestone keystones — as allusion many may not know: Pennsylvania is called the Keystone State. To paraphrase an old American saying: "You can take the boy out of Philadelphia; but you can't take Philadelphia out of the boy." We shall see.

★

Pure classical architecture is also alive in Philadelphia this year for the bicentennial celebration next September of the US Constitution called "We the People 200." In 1788, when the Constitution was ratified by 10 of the 13 states, the Carpenters' Company of the City and County of Philadephia, a group of architects and builders descended from the Worshipful Company of Carpenters of London, constructed a wooden monument in the form of a small round temple with 13 columns, three still lying down, topped by a dome and a cupola—to the design of the artist Charles Wilson Peale. This Grand Federal Edifice was placed on a parade float drawn by eight white horses and followed by 450 architects and house-carpenters with placards displaying their architectural designs.

A similar structure was re-created in 1887, and this year classical architect Alvin Holm has designed the third Federal Edifice (56 ft tall, 12 ft in diameter) based on written descriptions of the Peale design, which includes a statue of Ceres at the pinnacle. With its Corinthian columns and dome painted white, the monument's base bears the original message "In Union the Fabric Stands Firm." No one knows how many of the current 140 members will march behind the float on September 17, but it is certain they will all wear top hats—no word yet on whether they will carry architectural plans.

In the meantime, the Federal Edifice served as the centrepiece last month at the opening festivities of the Philadelphia Flower Show, the largest (six acres) *indoor flower show* in the world and the oldest in America. The theme of the flower show "The Way We Were" also celebrated gardens of 200 years ago, with a re-creation of the tavern garden at Grey's Ferry where George Washington recorded having tea during the Constitutional Convention.

The great event of the show was the first Anglo-American collaboration—between the Morris Arboretum of the University of Pennsylvania and the Royal Botanic Gardens at Kew—in a stunning historical exhibition called "Plants Under Glass." It marked their joint roles of growing exotic plants in glasshouses first for study and display and, since about 1950, more urgently to conserve *tropical and sub-tropical plants* that are fast disappearing. Under a ½ scale of re-creation of the central court of the Palm House, using a white wooden frame without glass, the display featured a model of the Morris Arboretum's 1899 iron-and-glass Fernery set on a base of the local Wissahickon stone. This Fernery, now also undergoing a major restoration in Philadelphia, usually houses 200 species of ferns and fern allies in a setting that includes grottoes and waterfalls, and is the only such glasshouse collection of ferns in the country.

In May, the joint exhibit will open again at the Chelsea Flower Show at the monument site under the marquee—in a different form, but the message will be the same.

★

Philadelphians this spring are saying a final farewell to the three houses at one corner of Rittenhouse Square that were owned by the great collector of French and English 19th century art, Henry P. McIlhenny, who died last year. McIlhenny, who was Chairman of the Board of the Philadelphia Museum of Art, has bequeathed his immense collection of Ingres, Degas, Cézanne and others to the museum, and while the museum has retained a portion of the collection and the interior furnishings for itself, the rest, still installed in the house, will be auctioned at Christie's in New York next month.

Fashion/Stratford-upon-Avon

Michael Coveney

The new Stratford-Upon-Avon season opens with two of the 1987 leading heavyweights, Brian Cox and Alun Armstrong, squaring up in The Other Place for Doug Lucie's bilious, brutal and wickedly enjoyable satirical look at the callous advertising of the political image.

There are faults, but not many that good editing and half an hour of cuts might not correct. You could argue that RSC director Nick Hamm should have seen to this already. Instead, and I think rightly, he has allowed the piece to ramble on in its full chaotic glory. It is ages before the mysterious opening image of a nude advertising executive toying with telephone messages gives way to enlightenment. But, in its way, this is as striking a prelude to a new play as we have had since Christopher Hampton's *The Philanthropist*.

Paul Cash (Mr Cox) is an advertising mogul working for the Conservative Party Central Office; he has fitted them in between British Airways and the South African Tourist Board. He is also having an affair with the wife of an unemployed alcoholic film director, Stuart Clarke (Mr Armstrong), who has not worked for six years but who is the man for Cash's register.

That strange opening is, in fact, crucial to establishing Cash's aloofness, aloneness and mystery. He knows, and says, that advertising is the revenge of business on culture, and he runs a good show. He is also desperately unloved and is interesting as a character because he failed to make a connection between that condition and his jungle philosophy. The towering and majestic performance of Mr Cox — I confidently place it alongside Jonathan Pryce's in *Comedians* and Anthony Hopkins' in *Pravda* — conveys this baffled aimlessness with a pockmarked truculence and a savage, pitiless dismay. Cash picks up a Glaswegian no-hoper (strikingly played by David O'Hara), whom he has met in an Erotic Cinema. But, when the boy steps out of turn at a champagne thrash, Cox pulls himself up to his full square height and turns on him with frightening ferocity. This is a truly horrendous scene, but the resumption of normal communication a little later is even more chilling.

On a hi-tech set of black-and-white designer furniture, eye-level standing-lamps and four TV screens (the designer is Fotini Dimou), Mr Lucie assembles other contemporary sinners with enthusiastic and unguarded relish. The campaign is controlled by a smooth Tory whip, Howard Lampeter, whom David Howey brilliantly portrays as a quick conniver capable of destroying the director's political misgivings by confessing intimacy with his left-wing media output and gratitude that one of those films, in which his company invested, paid for his holiday villa. The whole play, in fact, is a series of variations on the Marcusian concept of repressive tolerance.

Whereas Cash knows this world represents work, not art, skill, not passion, Clarke is initially stuck in a 1960s value system of socialist impulse. Just when you think Mr Lucie has misjudged his satirical emphasis, Alun Armstrong's sympathetic and plausible performance is able to modify a rabid critique of Thatcherism with a positive response to the propagandist function of art.

There is also a former Labour MP ("re-selection is the revenge of the pygmies") whom Clive Russell, with his new-found media status, places firmly in the area of Mr Robert Kilroy-Silk, complete with curious tan, jutting jaw and angular quiff. But local references are really secondary to the identification of a current social phenomenon of the retired politician who attains a credibility he never dared possess by resorting to media fame, not to mention money.

The "conscience" speech of the play is awkwardly assigned to Estelle Kohler's repentant wife, and one sometimes feels that Mr Lucie sacrifices interest in dramatic equilibrium because of the overriding local attractions of such delightful nearly-inventions as the post-Thatcher Parliamentary candidate (Linda Spurrier), who comes for a training session on how not to pick her nose on *Panorama*; or the svelte dusky office boy (Akim Mogaji), whose uncanny resemblance to Hanif Kureishi, with his inter-racial love-story film script — sounds something like "My Beautiful Off-Licence"—only goes to confirm what Peter Nichols proposed the other day in *A Piece Of My Mind*, that nothing is more conducive to kick-starting the news than good old-fashioned bitterness or rivalry.

Spin of the Wheel/Comedy

Martin Hoyle

In one respect the simulated television-show audience warm-up to which the stalls are treated before launching into the action proper is inaccurate: in TV time is money and studio space is costed by the hour. No television quiz show would start 15 minutes late, which is when the management of this new musical had the courtesy to begin—presumably as a concession to the customary first-night procession of superannuated pop stars, television conjurors, pneumatic young women poured into their dresses and looking for a Liberal to tumble, and one of two distinguished actors who should know better than to assume that a West End first night is automatically glamorous or even rewarding.

This show has the synthetic quality peculiar to ersatz Americana produced by Englishmen. It is not exactly bad, merely lifeless. Its score by Geoff Morrow, record producer and composer of hits for talents as un-diverse as Cliff Richard, Cilla Black, Frank Ifield, Jack Jones and Dean Martin, is never less than professional in a muzak sort of way, and sometimes quite pleasing, as in the haunting waltz for its Cinderella-like heroine, "When I came out of the cellar." Timothy Prager's book tries strenuously to hit the right note of American brashness while remaining within the frame of reference dictated by *Gardener's Question Time*.

The plot deals with dumb blonde Janie Jones (no, not the vice-trial one; this is fiction) who is manipulated then discarded by the commercial sponsors of a quiz game show. The part recalls the invincible innocence and sublime daffiness of Judy Holliday whom the splendid Maria Friedman here occasionally resembles—with a dash of Goldie Hawn and a beltingly mellifluous way with the songs thrown in.

The women carry the palms. As the seductive TV show assistant-cum-loyal sidekick to the villainous quizmaster, Erin Donovan deserves a meatier part (cue for one of the script's characteristically leering jokes). As the egocentric star Neil McCaul works frantically in a role that, like the show itself, falls between cartoon-strip unreality and shallow comment. Mr Prager directs a cast that includes Jeremy Sinden and Teddy Kempner — a natural for Snoopy as he has shown, but an unromantic - looking juvenile lead.

This instantly forgettable plastic show will appeal to those who use *aerosol air-fresheners*, whisk set meals from freezer to microwave and appreciate jokes about *Dynasty*. It is the mid-Atlantic show *par excellence* and if it can hold out until the tourist season may well find its intended audience.

The Graceland concert/Albert Hall

Max Loppert

When the history of popular music of this century, or at least of the last few decades, comes to be written, the matter of Paul Simon's *Graceland* album will surely merit at least a chapter to itself. For in the record, and even more in the assembly of musicians who with Simon on Tuesday came to land in London under the *Graceland* banner, South African and American popular music meet on equal terms and on an equal footing. It's not the first time this has happened, to be sure; but it is the first time the world at large has taken notice.

The whole matter has of course become a *cause celèbre* as well as a hugely best-selling record: Simon, enchanted by a hearing of black South African township pop, flew to Johannesburg to record part of the album—and, in so doing, infringed the terms of the UN-sanctioned cultural boycott of South Africa.

The issue rumbles on: demonstrators were last night outside the hall protesting the whole question (as they will be for the remaining four *Graceland* concerts in London). Nobody should dismiss them lightly—and yet, at the end of so joyous and momentous an occasion, it was hard not to. The simple point that it seemed to make was that Simon has aided a whole troupe of South African musicians in alerting the wider world to the pleasure of their music.

The concert was like the happiest of summit conferences: if it were left to concerts alone, the peace of South Africa would now be secured. In addition to those who originally collaborated on the record — notably the close- harmony choir Ladysmith Black Mambazo and their electrifying leader Joseph Shabalala — Simon had invited two of South Africa's most celebrated musicians to join the team: the trumpeter Hugh Masekela and the singer Miriam Makeba.

There were tremendous moments, at the evening's start and then at its end (with the South African national anthem *Nkosi sikelela yAfrica)*, when the stage was massed with musicians. For the most part, though, the wares of *Graceland* were displayed, then interspersed with pure South African items; and even some *Graceland* numbers were subject to new, wonderful variants (Makeba herself replaces Linda Ronstadt as Simon's partner in a bilingual version of "Under African Skies," and "Diamonds on the Soles of Her Shoes" closes with an overpowering drum volley).

It was a full two-and-a-half-hour programme: no time or space to survey it in detail. But perhaps the most remarkable feature of Simon's adventure is its bold inclusiveness. He refuses to dilute his lyrics (with their New York-ish references to "role models," "Fulbright" and the like); the Ladysmith contributions are equally undiluted; and, in a song like "Homeless," the fusion of styles and worlds is achieved with miraculous freshness. (Not all the words survive the amplification; those who bewail the unavailability of tickets can console themselves with a clearer hearing of all the song elements via the record.)

Whether an Afro-Pop movement is now under way, it's too soon to say—but on Tuesday it certainly felt like it. Simon's generosity, for someone so famous, in sharing the limelight—and, indeed, in so often ceding it — deserves a final bouquet.

Budapest SO/Barbican Hall

Dominic Gill

The Budapest Symphony Orchestra is the principal Hungarian radio orchestra — and a very good band they are, at their best bright-toned, alert and responsive, with a lively string section and soft, creamy brass. György Lehel is their chief conductor: and he opened their otherwise popular-romantic programme on Tuesday with one of Liszt's lesser-known symphonic poems, *Tasso — Lamento e Trionfo*, which appeared in the first of several versions in 1849.

It is a fairly unmemorable Byronic effusion, with one or two nicely unexpected harmonic touches, and a rather good spine-chilling page of madness music. The Budapest players gave it for all they were worth, which is a lot: and almost convinced us that the piece is better than it is. They continued with a worthwhile, workmanly performance of Rakhmaninov's second piano concerto, in which the soloist was Jenő Jando. Neither he nor Lehel, with their decidedly rigorous post-romantic stance, evoked much sense of period perfume — but Jando gave us some powerful flashes of fire in the first movement (he has exceptionally agile fingers) and in the finale, and the adagio came across refreshingly clear and unsentimental (I admired the glittering double-thirds trill).

Lehel is probably not a conductor who is interested first and foremost in the subtleties of high-romantic instrumental colouring — his preoccupation leans rather towards the strong orchestral line, and towards cogent shaping and direction. This meant that his account with the orchestra after the interval of Chaikovsky's Pathetique symphony was in many strong and simple ways a pleasure—even if the sonority itself *rarely achieved an* authentic Chaikovskian bloom. The Hungarians do not in any case have a great deal of time for the *zahl* of Russian melodrama, and prefer to reduce works like the Pathetique, emotionally speaking, to more manageable, chamber proportions. It was, all in all, an interesting and not disagreeable effect to hear the music of the first and last movements so thoroughly demystified; and to sense the chief focus of the performance on the delicate polyphonic strands of the two movements in between.

Obituary/John Lehmann

John Lehmann, who died aged 79 on Tuesday, was an important influence in overcoming the insularity of English literature in the period before the outbreak of the second world war. As a young man, associated with Stephen Spender and Christopher Isherwood, and as a young publisher-editor, working with Leonard and Virginia Woolf, he had travelled widely on the continent and become keenly aware of what was happening there to the arts. His New Writing in Europe (1940), published as a Pelican at the behest of Allen Lane, was probably his most influential book. Many of the writers he introduced in the book to Britain he later published in the Penguin New Writing: Sartre, for instance, whose first appearance in England it was.

After the war Lehmann continued this work, for a while under his own publishing imprint and in the London Magazine which he revived; a literary journal of that name had appeared in Victorian times edited by Dickens. As Lehmann explained in his autobiography, The Whispering Gallery, he was brought up in a literary atmosphere; his father Rudy came from the family that owned Chambers Encyclopaedia and was a famous editor of Punch. Apart from his work as an editor and critic, Lehmann wrote poetry from time to time, pleasing work with a traditional purity of cadence. He is the "Dear John . . ." of Virginia Woolf's *Letter to a Young Poet*.

Lehmann was proud of his family background, of his two gifted sisters, Beatrix, the actress, and Rosemond, the novelist, who survives him. He was a man of striking good looks, as emerges in the several portraits of him done by his painter friends, and of great courtesy, always ready with support and encouragement for a young writer whose talent he was one of the first to discern. He was one of those homosexual men whose company women enjoy and he continued to host small drinks parties in his London flat (full of work by Vaughan, Craxton and Minton) even when in his last years he was rendered immobile by an arthritic hip. He was working on a book about Christopher Isherwood, with whom he had been in regular correspondence since 1939, when he died.

Anthony Curtis

Fay Weldon premiere

The world premiere of Fay Weldon's *The Hole in the Top of the World* will take place at the Orange Tree, Richmond on April 10, continuing until May 9.

Directed by Stephanie Turner, this is the fourth Weldon play to be presented by the theatre.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 3–9

Exhibitions

PARIS

French drawings: At the beginning of the 18th century Louis XIV's love of the grandiose gave way to an art more intimate, more pleasing. A new generation of artists around Antoine Watteau introduced colour as well as a lightness of touch into their drawings under the influence of Venetian and Flemish masters. Musee du Louvre, Pavillon de Flore. Closed Tue. Ends June 1. (4260 3926).

Rembrandt: The exhibition of 341 engravings is exceptional for the proofs showing the stages of Rembrandt's creative process and its imaginative presentation. Landscapes, genre scenes, portraits and autoportraits and biblical scenes testify to the diversity of inspiration and the technical mastery of the painter who was the first to consider engraving as a autonomous artistic expression. Bibliotheque Nationale, 58, Rue Richelieu. Ends May 3 (4703 8126).

Gerard Larguier: the artist celebrates his American inspiration by his choice of themes - American football among others - and by his style - hyper-realism, tempered here by a play of transparencies expressing movement. Jean-Pierre Joubert Gallery, 38 Avenue Matignon. Ends Apr 10 (4562 0715).

Tanis, The Gold of the Pharaohs: Part of a dazzling treasure from the tombs of the pharaohs of Lower Egypt is on view in the Grand Palais. Gold, silver and lapis-lazuli funerary masks, pectorals and ceremonial vases were discovered in the late 1930s in the delta of the Nile, in Tanis, the capital of a country torn by internal strife. Yet the relative improverishment seems to have inspired the royal craftsmen with a restrained elegance which appeals to modern sensibility. Grand Palais, closed Tue, Ends July 20 (4289 5410).

WEST GERMANY

Bonn, Städtisches Kunstmuseum, Rathausgasse 7: A retrospective by August Macke (1887-1914). Born in Meschede, Macke studied in Düsseldorf and Berlin under Lovis Corinth. He did much of his work in Bonn, and was responsible for a new art form Rheinische Expressionisten, before the First World War. His journey in the spring of 1914, with Paul Klee and Louis Moilliet, to Tunis became a landmark in art history. In the same year he was sent to the front in France, were he died, aged 27 in action in Champagne, Ends May.

ITALY

Venice: Palazzo Grassi: 'The arcimboldo effect': a curious and stimulating exhibition centred on the neglected 16th century Milanese mannerist painter, Giuseppe Arcimboldo. Much appreciated in his own lifetime for his extraordinary composite portraits, in which the features of the sitter would be composed of the tools of his trade. - Pots, pans and vegetables for the cook (which turned upside-down becomes merely a still-life) or books for the librarian. - Arcimboldo spent most of his working life outside Italy, in the service of three Hapsburg emperors. Included is his arresting portrait of Rudolf II as the Etruscan god Vertunno, made up of fruit, vegetables and ears of corn. The exhibition contains works by Arcimboldo's predecessors, such as Leonardo, Durer and Posch, as well as those of artists active in the early years of the 20th century. It attempts to draw links. - some obvious (Dali, de Chirico, Man Ray and Duchamp). Ends May 31.

Rome: Galleria Nazionale D'Arte Moderna (viale Delle Belle Arti): Rome's leading gallery celebrates the re-opening of the rooms devoted to twentieth century painting and sculpture with notable foreign acquisitions, such as Cezanne's last work. Le Cabanon De Jourdan and Bruno Mantura's fascinating retrospective of the Italian artist, Domenico Gnoli, who died prematurely in New York, aged 37. Better known outside his home-country, Gnoli was an artist of great subtlety and delicacy, using (in his large canvasses) the techniques of pop art. Gnoli was also a successful theatrical designer, and many of these designs are included amongst the drawings on show. He produced the costumes for Jean-Luis Barrault's La Belle au Bois Dormant in Paris in 1954 and Robert Helpmann's As You Like It at the Old Vic in 1955. Ends April 12.

Rome, Palazzo Braschi (Piazza San Pantaleo): Luis Ducros (1748-1810): Italian landscapes at the time of Goethe. Delightful exhibition of watercolours and coloured engravings (from the Ducros Museum in Lausanne) of the monuments and palace gardens of Rome and those sites around which would have figured in any self-respecting eighteenth century grand tour: Tivoli, Vesuvius, Paestum and Posillipo (Virgilio's Tomb). The exhibition is held in the sumptuous palace which Pope Pius VI built for his family, and on show here is Ducros's account of that same Pope's visit to the reclamation works on the Pontine Marshes in 1783. Ends May 3.

SPAIN

Madrid. Diego Rivera. A retrospective 20th century top exponent of Mexican art, this show offers an ample collection of his works, including a film with his fresco murals, 100 oil and tempora paintings, 110 book illustrations. Centro de Arte Reina Sofia, Santa Isabel 52. Ends June 7.

NEW YORK

Museum of Modern Art: The first major retrospective in two decades of Paul Klee includes 250 paintings and watercolours and 50 drawings and prints, some by arrangement with the Klee Foundation in Bern which has rarely lent them (including large-format paintings from his later life). Ends May 5.

Cooper-Hewitt Museum: The design wing of the Smithsonian housed in Andrew Carnegie's Fifth Avenue mansion, features a special show on folding fans. Organized by textile conservator, Lucy Commoner, the fans reflected the fashions of the times during their heyday from the 17th to early 20th centuries, as demonstrated in the 80 pieces of various shapes and designs. Ends May 31. (91st & 5th Ave).

WASHINGTON

Hirshhorn: 30 paintings from the permanent collection trace the use of bridges as symbols of modernity and the past in works by Thomas Eakins, Winslow Homer, Raphael Soyer and Louis Lozowick among others. Ends May 24.

CHICAGO

Art Institute: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and informal drawings. Ends April 19.

TOKYO

Paul Gauguin (1848-1903): In Search of Paradise. This large exhibition comprising 151 oils, woodcuts, sketches and some sculpture reflects Japan's love-affair with European Impressionism and Post-Impressionism. The first style of Western art encountered by the Japanese when the country opened up to the West in the late 19th century has remained favourite. Works in this exhibition include those from Gauguin's earliest period, showing much affinity to the style of his contemporary and close friend, Van Gogh, and his mature Tahiti period of bright colours and bold patterns. Note the dramatic contrast between Two Nudes on a Tahitian Beach with the earlier Bathers at Dieppe. There is much evidence of Van Gogh's oriental influence. National Museum of Modern Art, Takebashi, near Otemachi business centre and Imperial Palace Moat. Takebashi station, Kitanomaru Park exit. Refreshments on 4th floor. English labels; detailed English catalogue available. Ends May 17. Closed Mon.

Saleroom/Antony Thorncroft

Old Masters excel

Paulus Bor, a Dutch artist working in the early 17th century, is known from less than 20 paintings. One sold at Sotheby's yesterday for £385,000, an auction record for the artist. It is a still life, set in a cell, depicting a chest, saddle bag and book, and is austere and unlike any of his other work. It was bought by a German collector.

Another auction record for an artist was the £231,000 paid by a private English buyer for the portrait of Frederick Harvey, Bishop of Derry and also Earl of Bristol, by Batoni. Harvey, an avid Grand Tourist, was sketched in Rome by this famous 18th-century portrait painter, who then completed the work at his leisure. He has managed to get the new Derry Cathedral, financed by the Bishop, in the background.

"The return from the hunt," a vigorous scene by Philips Wouwermans, was just on target at £187,000, and the London dealers Colnaghi acquired "The rehearsal at the opera" by Marco Ricci for the same sum. This shows the famous early 18th-century castrato, Nicolo Grimaldi, in full flow, and is a rare depiction of early opera performance. The painting hung for many years in Horace Walpole's house at Strawberry Hill.

A panel, St Nicholas enthroned with Saints, attributed to Bitticini, will go to Japan for £88,000, while "The Annunciation" by Franz Maulpertsch, is on its way to, as yet, an undesignated French museum. Artemis, of London, bought the stigmatization of St Francis by the circle of Benozzo Gozzoli for £77,000. The morning session totalled £2,684,000 with a reasonable 13.3 per cent unsold. Most of the top lots were nicely just above forecast, confirming that this is an improving market.

Christie's is selling more Old Master drawings from Chatsworth. In 1984 it sold 71 of them, making the Duke of Devonshire £21m (before tax) richer. Now on July 6 it is offering 16 more, which should bring in at least £5m. The group includes *two studies* by Raphael, a Correggio, a Veronese, and a Van Dyck, as well as four Rembrandt landscapes. The drawings were offered to the British Museum, which was unable to raise the money.

At Christie's yesterday a copy, in five volumes, of John Gould's "Birds of Great Britain," sold for £33,000 to the dealer Weinreb: it contains 367 hand coloured lithographs. David Roberts "Egypt and Nubia," with 121 views, went to the same buyer for £29,700. In the works of art sale a pair of monumental two handled Campana vases, made in Russia in the Imperial Porcelain Factory in 1839, more than doubled their estimate at £60,500.

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White role in Zimbabwe

IT NOW seems certain that Mr Robert Mugabe, Zimbabwe's Prime Minister, will soon abolish the 20 entrenched white seats in his country's 100 member parliament. Mr Mugabe opposed this provision when it was introduced in the course of the 1979 Lancaster House constitutional negotiations which ended Rhodesia's guerrilla war and laid the basis for the independent state of Zimbabwe. He was wrong: the entrenched seats helped allay white fears and secure a stable handover to majority rule, a transition assisted by Mr Mugabe's decision to include whites in his cabinet.

The provision was not intended to be permanent. The architects of the constitution allowed for an end to entrenched seats after seven years, provided such a move had the support of 70 MPs in the 100-member parliament. The seats have now served their purpose. Mr Mugabe today has a sound case for bringing to an end what has become an anachronism, provided he does not disenfranchise white voters as a result (they are currently registered on a whites only electoral roll).

Limited benefit

The white community has shrunk from a pre-UDI peak of some 270,000 to barely 100,000, of whom under half are on the white electoral roll. Their numbers have declined not because of harassment or intimidation. Some simply found a black government anathema, and sought haven in South Africa. Others returned to their roots in Britain.

When in 1985 the Government called its first general election since independence it was becoming apparent that the entrenched seats were of limited benefit. Whites had an invidious choice. On the one hand, a group of independent candidates stood on the sensible platform of greater co-operation with the Government, but the calibre of these candidates was generally mediocre.

On the other hand, there was the former Rhodesian Front, renamed the Conservative Alliance. It is led by that unrepentant veteran of white politics, Mr Ian Smith.

Many whites chose not to vote. Most of those that did were clinging to the past, and the Alliance won 15 of the 20 white seats.

The outcome highlighted the incongruity of a system which allowed a dwindling minority to elect 20 representatives, while over 8m black Zimbabweans were represented by 80 MPs.

But it would be a sad day if Zimbabwe's new constitution totally excluded a parliamentary role for whites simply by virtue of electoral arithmetic. Mr Mugabe should be able to draw on their agricultural and business experience. He can do this by providing for a bloc of MPs nominated by the government (a feature of the constitution of Zambia and Kenya, for example) which could include representatives of the white community.

Less tolerant

From these nominated MPs he can continue his policy of having at least one white in his cabinet. This would not only make good use of white skills. It would provide continued reassurance to a community whose role in the country's development remains vital.

Where Mr Mugabe's constitutional plans are wrong is his apparent determination to create a one-party state. Negotiations have been under way for some time to persuade the 14 MPs of Mr Joshua Nkomo's ZAPU party to come under the umbrella of the ruling ZANU-PF, which has 66 seats. There have been frequent hints that a merger will take place by hook or crook. At the same time the government appears less and less tolerant of dissent, bringing press, radio and television firmly under its control, and arousing the concern of Amnesty International over the treatment of political dissidents.

Africa's post-independence record of one party states is dismal. Although they are sometimes formed with good intentions (as the best use of scarce political and managerial skills, and as a way of overcoming tribal rivalries which are often endemic in African politics), in practice the ruling party usually becomes authoritarian and its leader autocratic. It tends to leave civilian opponents powerless, and increases the likelihood of military coups.

Skirmishes on pensions

SO LOUDLY does the British pensions lobby protest at the merest hint of legislative change that it is tempting to dismiss the latest outcry over Mr Nigel Lawson's Budget proposals on pensions as one more disproportionately noisy instance of special pleading.

The chief bone of contention, which will continue to irritate the pensions fraternity following a Commons statement on Tuesday from the Financial Secretary, Mr Norman Lamont, concerns the right to tax-free lump sums on retirement. Employees joining new or established additional voluntary contribution schemes will henceforth be obliged to take benefits solely in the form of taxable pension payments instead of taking part of the benefit in the form of cash. There will also be additional restrictions on the size of the cash sum, including a £150,000 limit.

Job changes

The impact will fall primarily, though not exclusively, on the rich. It will certainly not put an end to the British occupational pensions system as we know it; nor will the average scheme member's benefits be thrown into jeopardy.

If there is a case to be made against the Chancellor, it is that highly paid executives may now feel less inclined to move to another job for fear of losing the full benefit of the cash lump sum in existing schemes that remain unaffected by the Finance Act. Yet the disincentive to move already exists for the potentially mobile executive who expects significant pay increases on the road to retirement. This is because most occupational pension schemes tend to penalise so-called early leavers.

The Inland Revenue, meantime, argues that tax relief on additional voluntary contributions was intended to encourage people to boost retirement incomes, not to promote the accumulation of capital or the creation of pensions-linked mortgage products.

The more worrying feature in all this is that the Chancellor's earlier failure to be radical on occupational pensions has led to a singularly unproductive form of trench warfare between vested interests and the Treasury. From this stems a whole raft of increasingly complex administrative arrangements and economic distortions.

The seemingly welcome Budget measure to allow individuals to make additional voluntary contributions outside their own company schemes has, for example, a potentially nightmarish dimension. Under Inland Revenue rules the pension from this combination of private and company schemes will not be allowed to exceed two-thirds of final salary. Constant and costly actuarial advice may thus be needed to establish whether the individual risks exceeding the limit.

Radical step

At another level, British companies that are not part of the financial sector are devoting scarce managerial resources to the administration of what is, in effect, a personal savings business. Yet there is something inherently absurd in the prevalent practice of treating the company pension fund as a profit centre. Paternalism is running riot when corporate profitability is increasingly coloured by the behaviour of the future pensioners' investments in the stock market. The absurdity is further compounded when pension fund surpluses become a specific target for corporate raiders, as they have been in the recent takeover boom. This can only distort the market in corporate control.

The one genuinely radical step on pensions to have emerged from the Conservative Government is the moe, initiated by Mr Norman Fowler at the Department of Health and Social Security, towards personal pensions. This has not solved the problems of those who have already, and irredeemably, lost years of pensionable service through mobility or redundancy; but it has undeniably improved the options for new contributors.

In the aftermath of the election there is a powerful non-partisan case for any incoming chancellor to run the gauntlet with the special interest groups and take a radical new look at the tax expenditues on pensions. The alternative is to perpetuate the present, horribly complex actuarial and administrative game of snakes and ladders, which does little for pensioners and less for the wider economic interest.

Sir David Wilson: Hong Kong's new Governor

Storm clouds over Government House

THERE have been two hailstorms in Hong Kong in recent weeks — an ill omen for 1987, say the superstitious Chinese, and a warning to Sir David Wilson as he arrives today to take up office as the territory's 27th Governor that a multitude of problems lie ahead.

Many say it is a blessing, therefore, that he arrives better qualified for the job than almost any predecessor. As political adviser to the Governor in the late 1970s, a participant in the Sino-British negotiations over Hong Kong's post-1997 future and head of the joint liaison group intended to deal with the practical problems of transition, he has unparalleled knowledge of what the people of Hong Kong fear about the future, and what Peking intends for the territory.

It did not need hail to warn Sir David that storm clouds would gather as he arrived in Government House. Close contact from London with senior officials will have given him a clear picture of simmering concern over political reform, controversy over new laws that many say will curb press freedom, and astonishment that the colony's Government has for 15 years been censoring films — sometimes to accommodate Peking's sensitivities—in the full knowledge that it has acted with dubious legal authority.

Sir David will head a Civil service almost dizzy at the pace of personnel changes at the top. The changes have left the Administration open to the charge that it is running rudderless while senior officials read themselves into new jobs.

He also arrives knowing that a number of senior politicians blame him for his part in a series of what are seen locally as "betrayals" of Hong Kong by the British Government in the past decade.

Sir David is unlucky that the omens are not perceived as much more promising. Hong Kong's economy is bounding along, with growth as measured by gross domestic product of almost 9 per cent last year. Exports were up by more than 15 per cent, foreign investment strong, inflation is below 4 per cent and unemployment negligible.

Relations with Peking appear to be better than at any time since the Sino-British agreement on the transfer of sovereignty was signed in Peking in 1984. A good working relationship has been built up with Chinese officials in the various bodies concerned with the transfer of power. Peking's chronic distrust of "perfidios Albion" appears to have been eased.

Even more important, Deng Xiaoping, China's leader, has been painstaking in his efforts to ensure that the current political turmoil in Peking does not upset confidence in Hong Kong.

The territory has been insulated from criticism during Peking's recent onslaught on "bourgeois liberalism," despite the fact that the thousands of Hong Kong entrepreneurs doing business on the mainland must be an important source of the cancer said to be eating at the country's socialist soul.

Peking-backed institutions have played an increasingly conspicuous part in maintaining confidence in the territory. Bodies like the Bank of China, the China International Trust and Investment Corporation, and China Resources (the mainland's leading trading group) are investing large sums in a range of ventures. China's stockbrokers such as Chung Mao, are emerging as important players in the local stock market. The Posang Bank, one of 12 banks operating under the umbrella of the Bank of China, has become a potent force in local gold trading.

When Sir David steps ashore on the Queen's Pier today, weather permitting, he will be presented to Xu Jiatun, Peking's diplomatic representative in the territory, as well as the usual array of local worthies. This signals the deference that must be paid to Peking as the date for the transfer of sovereignty approaches.

By far the most important issue confronting Sir David is political reform. A Green Paper is being drafted which will outline options for the pace and direction of political change ahead of elections to the Legislative Council (Legco) in 1988.

Many of the community's more conservative business leaders have opposed suggestions that members of Legco be directly elected in 1988. They argue that this would be destabilising, would introduce an alien adversarial form of politics and would put power in the hands of populist politicians.

The businessmen have been backed by Chinese officials, many of whom suspect proposals for radical change are a British subterfuge to shackle the post-1997 administration.

Against the conservatives is an increasingly vociferous political community, mostly drawn from Hong Kong's younger generation—that is calling for a more fully-fledged democracy. They want to overturn what they regard as the "oligarchy of the rich," and to provide appropriate checks in case Peking-backed officials are tempted to interfere beyond the terms of the Sino-British agreement which guarantees a "high degree of autonomy" to the territory after 1997.

There is every prospect of a fierce debate during the summer about whether direct elections should be introduced next year. Sir David faces the difficult task of steering a legislative course between the opposed camps.

He could have done without the added controversy, provoked recently by the administration's decisions to introduce a press bill that many journalists and legal practitioners say could be used to gag the local media. The administration's role in censoring films on political grounds has also caused concern.

Public alarm appeared to focus not on the possibility that the current administration would act in an authoritarian way, but on fears that it was leaving the door open for the future Peking-backed administration to use the laws repressively.

The Governor's task would be easier if he were being warmly welcomed by all of the community's political leaders. Many recall that when he was political adviser to the Governor, the then Mr Wilson accompanied Sir Murray Maclehose to Peking in 1979 in the hope of winning Deng Xiaoping's support for an informal extension beyond 1997 of Britain's lease of Hong Kong.

Sir Murray returned with the message from Deng that the people of Hong Kong should rest at ease—he did not admit that Peking had made clear that it would not contemplate an extension. The shock of this fact hit Hong Kong more than four years later.

Critics say the approach was mishandled and some blame Sir David for the advice he may have given on the issue. The criticism is probably unjust, since the role of political adviser was a comparatively junior one at the time.

Sir David is also accused of having failed to fight hard enough for Hong Kong's interests when local people's British nationality rights were redefined in the late 1970s, removing their right to live in the UK.

He is blamed for Hong Kong's policy of giving refuge to Vietnamese boat people. The British Government has proved unwilling to back that policy by offering to resettle substantial numbers of refugees.

Again, the accusations appear ill-founded, but form the basis of the prejudice which Sir David will have to work to overcome.

A final obstacle to popularity —and with it, effectiveness—is the widely voiced fear that Sir David is, at heart, a Foreign Office man, without primary loyalty to Hong Kong.

Sir David appears to be aware of his credibility problem. He is also aware that nothing he says now will answer those fears. Only the passage of time will demonstrate the new Governor's commitment to the people of Hong Kong.

It may be of some comfort to him that after a week of torrential rain, the clouds have cleared in Hong Kong. The sun has returned, and wet-weather plans for his inauguration have been put back on the shelf. But if the weather should change again, the Governor need have no fear since Hong Kong people see no such ill-omens in rain as they do in hail. Indeed, if his plumes and ceremonial garb are rained upon, it may actually bode well for the bumpy process of settling in.

THURSDAY BOOK REVIEW

Inside the Bank of England

By Philip Geddes

Boxtree Ltd; £12.95

THE Old Lady, as befits someone of her age and station, has long resisted admitting the electronic media into her Threadneedle Street boudoir. But she relented last year when Television South sought admittance to make a documentary about the Bank of England.

The resulting programme is to be shown next month, and this book is produced in association with it.

In its way, this act of acquiescence by the Bank could turn out to be quite historic. Apart from giving us glimpses of the inner workings of one of Britain's most discreet public institutions (the TV crew filmed Hill Samuel being grilled by its supervisors) it shows how keen the Bank has become to display a human face.

The best of these glimpses will probably have to await the TV programme. A lot of the book, meanwhile, is fairly straightforward history, albeit with plenty of anecdote about bank notes and all the other paraphernalia of the Bank's 300-year existence, which make it a good read for the layman.

But Philip Geddes, who is head of science and industry programmes at TVS, strives to raise it above the book-of-the-film level by getting to grips with some of the weightier issues to do with the Bank's changing role in these fast-moving times and its curious position at the crossroads of finance and politics.

He points up the resentment —fear even—which the apparently all-knowing, all-seeing Bank has engendered in its critics through the ages. He contrasts this quite correctly with the Bank's own surprisingly uncertain sense of its power, and even at times its reluctance to assume greater responsibility.

It is only recently that the Bank has been granted any statutory powers, notably in the regulation of the banking system; it still prefers to issue requests rather than commands, and it exerts its influence through well-placed advice rather than heavy-handed pressure, reaching well beyond the City and into industry.

Mr George Blunden, the present deputy Governor, is quoted as saying: "We sit, with a degree of detachment, watching what people are doing. They come to us, we give them advice. The advice we give should be good advice, if we're doing our jobs properly, and they will take notice of it."

But what form of power does the Bank now wield, reduced as it has been by changing circumstances from a clubbish City's overlord (one former Governor boasted that he could gather anyone who mattered financially in one room in 30 minutes) to a more functional issuer of gilt-edged stock and enforcer of banking regulations?

Certainly, the Bank has lost much of its mystique in the last few years. As Mr Geddes points out, the appointment of the present Governor, Mr Robin Leigh-Pemberton, was viewed as a political choice which hurt the bank's fragile independence. The Johnson Matthey Bankers debacle also did it no good (in retrospect how pointless that costly rescue seems!). While justly earning credit for helping to stage manage the Big Bang, the Bank swept away with that momentous event the very club through which it operated most effectively.

Politically, the Bank is weaker now, having lost a series of major battles with a strong-willed Government in Whitehall. The new Banking Bill will even create a board of banking supervision consisting largely of outsiders to keep an eye on the Governor, tightening the Treasury's rein still further.

While Mr Geddes raises all the right questions, he seems unsure about his conclusions. What is to happen to the Bank now? Will its traditional role continue? Should it even be returned to the private sector? He falls back on the view that the Bank has survived many turbulent periods in the past and will therefore soldier on in some way or other. "If history is anything to go by, the Bank is likely to ensure that it stays somewhere near the heart of things, managing affairs quietly behind the scenes, and discreetly tidying up the mess left by yet another mountain of disappointed hopes."

But a firmer conclusion is surely justified: the Bank will never be the same again. Although many people want to preserve some of the informal style of the past, the City now has to have clear rule books. With 400 foreign banks and nearly as many foreign securities houses crammed into the Square Mile, life cannot be regulated by nods and winks which many people may miss or fail to understand. The internationalisation of economic policy-making and banking regulation, and future events like the liberalisation of EEC capital movements and the UK's eventual entry into the European Monetary System will all reduce the scope for local initiative and control traditionally associated with the Bank.

Is it too unkind to say that ladies raise the hemline when they fear their charms are fading? Montagu Norman, who disdained the media throughout his 24 years as Governor, must be spinning in his grave. But the time has come when the Bank cannot count on any special reverence or respect. If these changes oblige it to account more openly to its masters, that can only be reassuring and refreshing.

David Lascelles

Men and Matters

Memories of old ironmongery

The spectre at the feast yesterday when Rolls-Royce launched its pathfinder prospectus for the sale of shares in the state aero-engine company was SuperFan, the collaborative, futuristic engine R-R is developing with Pratt & Whitney and others, mainly for the new A340 Airbus.

SuperFan has few fans in International Aero Engines, the consortium sharing the risks of such high-technology ventures, where RR has a 30 per cent stake. IAE has effectively torn up the papers on SuperFan and said the engine will not be ready for 1991 in time for the new Airbus.

R-R could have done without this problem rattling around in the finely tuned machinery for the launching of a prospectus.

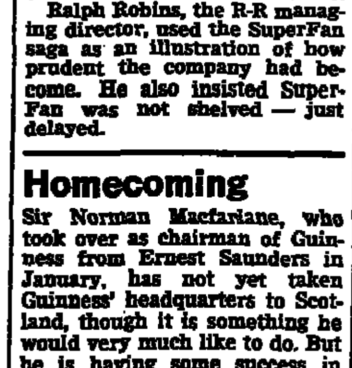
Indeed, the SuperFan problems gave a whiff of 1971 to the air in the Ironmongers Hall, London, where the prospectus was made public. That was the year when the private-sector R-R crashed into bankruptcy after pumping money into another piece of ironmongery, the RB211 engine, its biggest and technically most demanding engine at the time.

All R-R wanted to do yesterday was reassure potential investors (minimum 400 shares, price to be announced on April 28) that the ghost of 1971 was dead and buried.

Sir Francis Tombs, chairman, said he was "confident we have the ingredients for a successful future." He added with his enigmatic smile: "If you do development programmes without problems, it means you have not been adventurous enough."

SuperFan is certainly an adventure. It has all kinds of new techniques, say the experts, to make it the most desirable airliner engine for the 1990s. The problem is they are not solvable in the time available.

Ralph Robins, the R-R managing director, used the SuperFan saga as an illustration of how prudent the company had become. He also insisted SuperFan was not shelved — just delayed.



"It's Gorbachev Mr President —he says he couldn't help overhearing your last remark . . ."

Homecoming

Sir Norman Macfarlane, who took over as chairman of Guinness from Ernest Saunders in January, has not yet taken Guinness' headquarters to Scotland, though it is something he would very much like to do. But he is having some success in reversing the process by which Distillers lost much of its Scottish identity long before Guinness took it over.

Yesterday the "Monarch of the Glen," the famous Victorian painting of a highland stag by Sir Edwin Landseer, was unveiled at Distillers House in Edinburgh. Since 1916 it had hung in the London headquarters of Dewar — a Distillers subsidiary — and had the indignity of being frequently reproduced on whisky labels and even biscuit tins. This summer it is to go on tour around Scottish galleries.

Before Macfarlane took over, Saunders had been contemplating selling the painting. It had been valued at £3m. Lord Dewar had bought it for 5,000 guineas.

Macfarlane is a keen patron of the arts in Scotland. The Glasgow board room of his own packaging company, Macfarlane (Clansman), of which he is executive chairman, is lined with paintings by contemporary Scottish artists. He commissions one each time the company has record results—an annual event for some years now.

Macfarlane, who has agreed to stay on as Guinness chairman for at least another two years, working out of Distillers' Edinburgh office, also wants to change another of Saunders' decisions. Saunders agreed to lend Dewar's Raeburn portrait, The McNab—a highland chieftain—to the National Gallery for at least three years. Macfarlane is determined to bring it back to Scotland the moment the initial lease is up.

Reluctant payers

British government officials gave the US biotechnology company Genzyme a hard time before parting with a £400,000 grant towards its new £4m factory at Haverhill, Suffolk.

Both sides were keenly aware of the Damon Biotechnology fiasco in Scotland, where the Scottish Development Agency went overboard for a US biotechnology project which has simply failed to find the markets forecast for it.

For Henry Termeer, Genzyme's Dutch-born president, there was another twist in that his native land was urging him to build his factory in Holland.

The DTI saw it as a negotiation. Genzyme had asked for £500,000—the kind of cash offered by the Irish as well as the Dutch.

Genzyme's case was that it qualified as bringing "exceptional national benefit" to Britain by virtue of the ingenuity of its use of "living catalysts" for making drugs more cheaply.

But the DTI men needed to be convinced that the technology was sound. They had more than 20 interviews with the supplicants.

"They were very professional in their approach," is the last word from Dr Geoffrey Cox, Genzyme UK's managing director.

Mousetrap

Mayor Ed Koch of New York may have met his match at last. The Republicans he can cope with — but Dangermouse, Thames Television's cartoon rodent, is providing much tougher political opposition.

Koch launched a new programme on Monday mornings to explain himself and his policies to the electorate on Channel 5 television. Unfortunately, in doing so, he displaced Dangermouse, one of British television's more successful exports to the US. The animal desperado, dressed like Superman, has university fan clubs as well as adoring younger viewers.

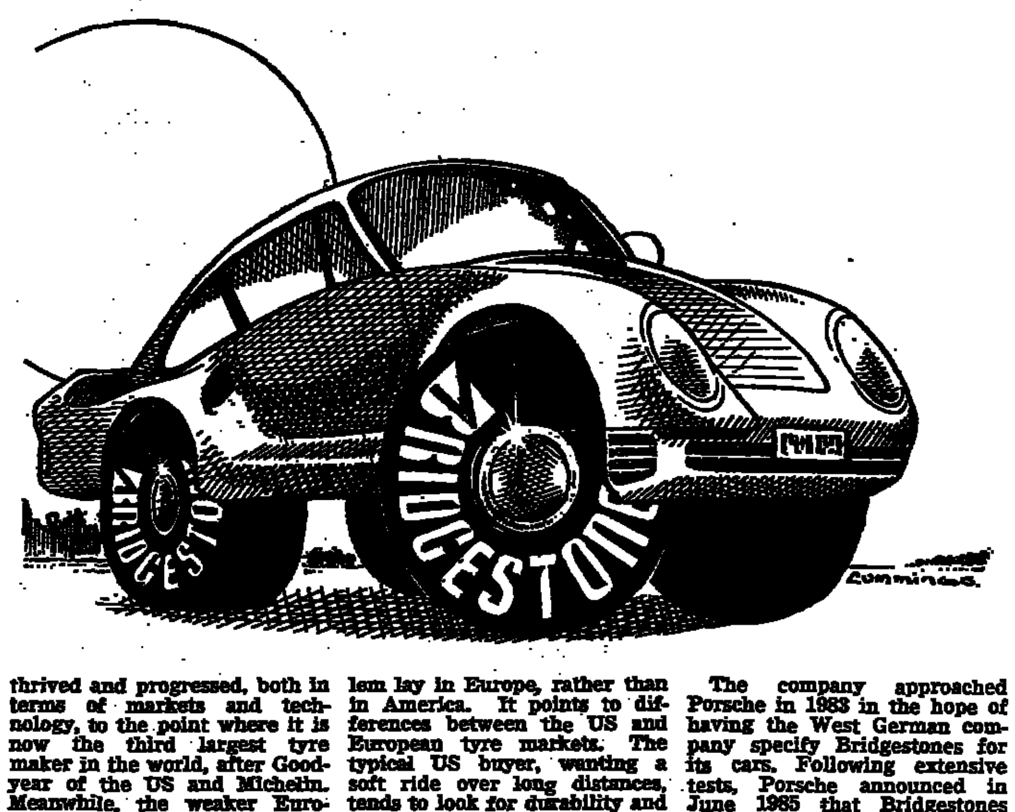
The row over the rodent's replacement has been big news in headlines ranging from Rodent Battles Koch to Bring Back Dangermouse.

Clearly Koch knows he is on a loser and plans to explain himself at a press conference today. Just to make sure its message gets through, Thames is sending along an actor dressed as Dangermouse to deliver it.

Observer

Ten years ago Bridgestone tyres were regarded with contempt by western car buffs. **Ian Rodger** unravels the peculiarly Japanese tale of cultural loyalty which has made the company a global leader.

A helping hand to greatness



A FEW weeks ago, Japan's Bridgestone Tire won a competition to supply specially developed high performance tyres to Porsche for the West German company's new 959 model.

At first glance, this seemed to signal that in yet another manufacturing sector, the Japanese had crept up on their European and US competitors and moved ahead.

But the case is worth a second look because it illuminates aspects of the Japanese industrial system. It not only demonstrates the extraordinary value of the close relations between manufacturers and suppliers, it also pokes a big hole in the myth that Japanese manufacturers will accept only the highest quality components.

Bridgestone has long dominated Japan's tyre industry with a 40 to 50 per cent share of the domestic market. But as recently as 10 years ago, it was little more than a joke among car buffs in the US and Europe. The first thing many western car buyers did when they bought a Japanese car was to insist that the Bridgestones be replaced with Michelins, Pirellis or some other quality make of radial tyre.

In Europe especially, where roads are often busy and slippery, tyre technology has long been a concern for drivers. Radial tyres, which improve handling of the car and have greater durability than the traditional cross-ply ones, became common in Europe in the 1950s after being introduced by Michelin of France in 1946. But they remained rare in Japan and North America until the 1970s because manufacturers preferred to sell less durable, easier-to-make cross-plys, and consumers did not complain.

Today, Bridgestone officials readily admit that the company was slow to develop radial tyres; its first ones went on the market in 1967 and they remained inferior to leading European brands until about the mid-1970s, particularly in terms of wet road holding.

The lag in the North American market was broken in the early 1970s when Michelin won big orders from domestic manufacturers and set out to build eight factories in Canada and the US. US tyre makers suddenly found they had to invest heavily, both in technology and plant, to catch up—and some were badly hurt in the process. Firestone, for example, had to recall almost the entire production of one radial model in 1978 because of flaws.

There was no similar sudden infusion of competition into the Japanese market. That country's car makers frequently chastise foreign suppliers for the inadequate quality of components, claiming haughtily that they buy only the best; yet, in this case, the leading companies, such as Toyota and Nissan, bought Bridgestone and other domestic brand tyres through the 1960s and 1970s, knowing all the while that they were inferior to European ones. That unstinting support provided Bridgestone and the other leading Japanese makers, Sumitomo Rubber Industries, Yokohama Rubber and Toyo Tire and Rubber, with the resources and the time to improve their technology to internationally competitive levels.

It is this sort of behaviour that separates Japan from countries that permit open competition. What would have happened to Bridgestone if Toyota and Nissan had started buying from Michelin and Pirelli in the early

Japanese carmakers bought Bridgestone tyres knowing they were inferior to European ones

1970s? What would have happened if it had been a European company and not a Japanese one? Certainly, no European car maker could have continued to buy from it for even a few months if its tyres were significantly inferior to those of its competitors.

In those circumstances, the company might well have become weaker in the early 1970s, when competition among radial tyre makers became severe in the US as well as in Europe. Instead, insulated in Japan, it thrived and progressed, both in terms of markets and technology, to the point where it is now the third largest tyre maker in the world, after Goodyear of the US and Michelin. Meanwhile, the weaker European and US companies, such as Dunlop, B. F. Goodrich and Firestone, have buckled under market pressure.

It can at least be said in Bridgestone's favour that it used its privileged position wisely. Many troubled British manufacturers—such as Alfred Herbert—benefited from substantial government support for long periods, but did not seem to be able to use the assistance to good effect.

Bridgestone, on the other hand, worked steadily to improve its radial technology, claiming that it reached parity with the Europeans in the mid-1970s. Since then, its market surveys have shown that European and US customers are happy with its tyres. However, many Western buyers of Japanese cars continue to demand that the Bridgestones be replaced with European tyres.

The company decided that the solution to this image problem lay in Europe, rather than in America. It points to differences between the US and European tyre markets. The typical US buyer, wanting a soft ride over long distances, tends to look for durability and comfort. Europeans, on the other hand, are more demanding. They want manoeuvrability, fuel economy and durability, plus the maintenance of these qualities at high speed. Car manufacturers put constant pressure on tyre makers to improve all these elements, even though they are often incompatible from an engineering standpoint.

Bridgestone knew it would not be enough to make standard radial tyres that were as good as those of the European makers. It had to show that it was at the leading edge of tyre technology, capable of making tyres for the most demanding buyers.

"We concluded that the only way to crack the problem was to go to a high level car maker and, in effect, have them tell the world," says Mr Misao Kawabata, engineering manager, in Bridgestone's radial tyre department.

The company approached Porsche in 1983 in the hope of having the West German company specify Bridgestones for its cars. Following extensive tests, Porsche announced in June 1985 that Bridgestones could be fitted as alternative

Their support gave Bridgestone the time and resources to improve its technology

tyres on all its 1986 models. A month later, it invited Bridgestone to be one of a few manufacturers to develop a new tyre for Porsche's 959 model, a car that would reach speeds of 320 km per hours (about 200 mph).

Mr Kawabata makes no bones of the fact that Bridgestone went all out to win that order and that the development was very expensive. In the process, however, he claims that the company's engineers achieved significant technical advances in both tyre materials and manufacturing methods. These are now being introduced on ordinary tyres, yielding improvements in performance and comfort.

As for the future, he says Bridgestone will continue to work with Porsche, "so that when people think of Porsche, they think of Bridgestone. Porsche is very famous. If we can become synonymous with that, it wil help us a lot."

It is not clear what, if anything, Western companies can do when faced with this sort of competitive challenge from Japan in mature industries. Often, the challenge is not recognised for what it is until it is too late. If, for example, someone had predicted 10 years ago that Bridgestone would soon be supplying tyres to Porsche, he would have been laughed at. But today, it would be difficult for someone to dislodge the Japanese company from its strong and still improving position in world markets.

The rise in the value of the yen is expected to make it more difficult for Japanese manufacturers to compete in world markets, and Bridgestone officials are among those who have complained about the rapid decline in terms of trade. But it is unlikely to have much effect on the company's world ranking.

Like many Japanese manufacturers, it has gathered financial strength during many years of buoyant sales and profits. Thus, it has plenty of time to adjust to the tougher environment by, for example, building factories overseas. It already has tyre plants in five countries, including a bus and truck tyre plant in the US (bought from Firestone) and it is considering constructing a car tyre plant there.

Similarly, Sumitomo Rubber insulated itself against the effects of currency fluctuations by purchasing, in 1984 and 1986, the tyre businesses of Dunlop in Europe and the US.

Meanwhile, although exchange rates are highly favourable to imports and most tariff and non-tariff barriers have been reduced, Bridgestone and the other Japanese companies seem able to hold on to their domestic market shares.

Lombard

Free to choose when I say so

By Samuel Brittan

THERE IS a well-known book by Milton and Rose Friedman called Free to Choose. It argues the case for free markets as the most efficient way of providing the products and services—and ways of life — that people choose for themselves.

This is a concept which Thatcherite Conservatives would claim to welcome. Unfortunately the welcome stops when it comes to freedom of expression.

In case anyone has not guessed, I am referring to the Obscene Publications Bill which received a second reading on Friday, thanks to pressure by Government whips in forcing the "payroll vote" — ie Ministers and Parliamentary Private Secretaries — to follow the Prime Minister into the division lobby in favour.

There is already an Obscene Publications Act, which sets boundaries of taste. The Peacock Committee on broadcasting based its call for gradual deregulation of broadcasting quite explicitly on the libertarian anti-censorship case and not just on textbook economics.

It recognised "public concern over excesses of violence and sex" (note the order) on television; but said that broadcasting should be subject to the normal law of the land. As part of the bargain, legislation such as the Obscene Publications Act would have to be extended to television.

The bill, however, does far more than that. While the present law punishes publications which *harm* likely readers (by tending to "deprave and corrupt" them) the bill adds an additional concept of obscenity, that which "a reasonable person would regard as grossly offensive."

Everything about the new test is vague and indeterminate, including who the "reasonable person" is who is to make the judgment. Yet publishers who fail the test risk up to three years' imprisonment. No actual person need be offended. It is enough that a reasonable person is shocked at the thought of *others* seeing it.

It will be an offence merely to have an article such as a tape in one's possession prior to a broadcast, even if the section in question might not have been included in the broadcast. According to a leading legal opinion: "Reasonable policemen will walk the Charlotte Street and Shepherds Bush beat, empowered on occasion to enter Channel 4 and the BBC with obscenity warrants which entitle them to seize (if need be by force) not merely suspicious articles, but also 'any documents found in the premises which relate to a trade or business carried on at the premises'."

The reader should not console himself or herself with the thought that this would not happen to a programme, book or film, that he or she would like. All manner of works have been found disgusting by "reasonable people" at one time or another. One moral majority Pope actually ordered the covering of a section of Michaelangelo's Last Judgment in the Sistine Chapel.

Personally, I find programmes which show details of medical operations quite as upsetting as Mrs Whitehouse does fleeting sexual references. In either case, the citizen's best defence is the off button.

Children obviously need some protection; and of course some parents fall down on their task. But if the standard for adults were determined by what some child might accidentally see, the Bible (which contains many purple passages) would never have been allowed.

Of course the most eminent lawyers may be mistaken about the bill. But if it is as reasonable as the Home Office Under Secretary, Mr David Mellor, maintained, why could not there have been a genuinely free vote?

The bill has been introduced too late in the session to pass even if there is no election. But this is no real reassurance. In a new Parliament with a large Conservative majority, a similar measure would appear. It is as fatal to underestimate the Prime Minister's determination as to overestimate her liberalism.

The test of devotion to freedom is readiness to defend it for purposes, and for people, whom one does not personally find appealing. All the clichés about freedom being indivisible, and its price being eternal vigilance have never been more relevant. They are likely to be needed in the next Parliament.

Letters to the Editor

A way to tax houses

From Mr H. Law

Sir,—Although I agree with Tony Christopher's condemnation of the Government's proposed poll tax, (March 31) the Layfield Committee's views on local governments also deserve to be laid to rest.

Layfield's proposals for a local income tax would create administrative problems scarcely less serious than those which will be caused by the proposed poll tax.

Essentially we have a choice between local taxes on individuals or local taxes on property. But people are mobile, whereas property is fixed, and so a local tax on individuals would be difficult and expensive to collect, and evasion would be widespread, as we shall soon discover in Scotland. This is why the only tax which can ever be truly local is one based on property values.

Unfortunately, the present form of property tax, rates, suffers from the idiocy of having to pay extra charges on improvements such as garages and central heating. And matters are worse when it comes to business rates, because plant and equipment are penalised.

This drawback could, however, be overcome by changing the basis of the rating valuation; if rates were based on the value of the land alone, then buildings and improvements would be effectively de-rated. This system of local taxation is in widespread use in parts of the US, with beneficial results.

A particular advantage of a rate based on site values is that where it applies, town centres are not disfigured by vacant sites and empty buildings — of which most towns in Britain have more than their fair share. Using land values as a basis for rates would also recognise the fact that we do not all have equal access to public services, since land values reflect, in part, the availability and quality of local amenities such as parks, libraries, schools, roads and public transport.

Henry Law.
19 Queen's Gardens,
Brighton

The Japanese trade policy

From Dr H. Troughton

Sir,—With regard to the issue of the British Government's threats to curb the activities of various Japanese financial institutions within this country in retaliation for Japan's apparent unco-operative trade policy, most financiers would undoubtedly agree with your excellent article "The high cost of tit-for-tat" (April 3).

Essentially, Britain's proposed retaliatory measures, involving its financial sector, are tantamount to ordering the world's wealthiest creditor to remove its custom and its trillions from the premises of the City of London. The logic is quixotic, and even more inscrutable than that for which the Japanese are purportedly renowned.

Furthermore, the British demands for reciprocity in Japan's financial world obviously cannot be immediately fulfilled. It must be appreciated that currently the status of financial deregulation in London and Tokyo is quite different. Whereas London's deregulation has progressed more rapidly and assumes broader implications, Tokyo's liberalisation has further to develop in creating freer markets and obviating barriers between various types of institutions.

Perhaps the Occidental financial world would do well to remind itself of the sentiments expressed by the Deputy Director-General (International Finance Bureau) of the Japanese Ministry of Finance, in 1984: "Changes in the traditional characteristics of the Japanese markets may be slower than some foreigners wish them to be because, they are closely related to the structural and institutional aspects of the Japanese economy, the tastes and standard of values of the Japanese people, and to foreigners' acceptance of the yen. Moreover, the final structure of the markets will be justifiably different from that in other countries. We believe that certain traditional aspects of Japan's financial practices and institutions are so valuable that they should be retained."

(Dr) H. Troughton.
9, Five Mile Drive,
Oxford.

Restrictions on whisky

From the Director General of the Scotch Whisky Association

Sir, — The suggestion in your leader "A lesson from South Korea" (April 1) that "the Koreans could easily dismantle more tariffs and import barriers to make their domestic market more accessible" is particularly relevant in the case of bottled-in-Scotland Scotch whisky.

At present bottled-in-Scotland Scotch whisky can only be sold in Korea in duty free outlets and in the very expensive tourist hotels. Even then, with taxes and duties totalling over 350 per cent of its value, the price is more than £40 a bottle.

In the past the Korean authorities have suggested that the present restrictions against bottled-in-Scotland Scotch whisky may be lifted in time for the 1988 Olympic Games in Seoul but, so far, there has been no firm commitment to implement the necessary liberalising measures.

It would surely be most unfortunate if those planning to visit the Olympic Games were to learn that bottled-in-Scotland Scotch whisky was not generally obtainable or only available at exorbitant prices.

H. F. O. Bewsher.
The Scotch Whisky Association.
20 Atholl Crescent, Edinburgh

Government spending on road repairs

From Mr M. Cornelius

Sir,—It was interesting to note the Department of Transport's spending plans on motorway and trunk road repair (March 31). Despite the claim that combined spending on motorways and trunk roads constitutes a record, our calculations suggest that the level of spending on trunk roads will barely be sufficient to combat the natural deterioration during the year—let alone make substantial inroads into the accumulated backlog of repair and maintenance work.

The Public Accounts Committee showed that, at the end of 1984-85, there were between 180 and 220 single carriageway miles of trunk road in need of renewal. In this year's Public Expenditure White Paper the Government predicted that by the end of 1986-87 the backlog would still be of the order of 225 single carriageway miles. Since in the intervening two years 355 single carriageway miles had been renewed, it would be reasonable to infer that between 180 and 210 miles need to be renewed each year just to keep the condition of trunk roads stable.

The Government plans to renew 200 miles in this financial year. It is hard to see how this can possibly be sufficient to clear the backlog by 1992, which is the Government's stated aim.

Mark Cornelius,
Employment Institute.
Southbank House,
Black Prince Rd, SE2

Decline of UK manufacturing

From Mr A. Graham

Sir,—I am writing in response to the article by Michael Prowse, on the decline of UK manufacturing, as part of your newspaper's series on "The Thatcher Years" (March 30).

In discussing the argument that the decline of UK manufacturing was the inevitable result of our possession and exploitation of North Sea oil, he cited Norway as an example of a country which had "experienced proportionately more disruption from rapidly rising energy output," yet still managed to avoid such structural change as experienced in the UK.

However, he neglected to note the costs incurred by the Norwegians of protecting their *manufacturing sector from* decline. Between 1977 and 1984 the workforce in Norwegian manufacturing declined by over 15 per cent and output virtually stagnated. This decline would have been much more dramatic had it not been for a massive programme of government subsidisation and support to businesses.

Much of this assistance to businesses was granted on an unconditional basis. Enterprises receiving grants did not have to commit themselves to a programme of rationalisation, product development, or structural change. The main instruments of industrial support came in two forms.

1—Direct financial assistance.

2—Protection of domestic sectors against imports.

There does not seem to have been any uniform application of either; support differed not only between sectors and branches of industry, but also between individual firms.

Often these measures were based only on a partial analysis of individual firms' problems and engaged labour in low productivity areas of industry. These measures tended to have an inflationary impact on wages by increasing competition between firms for skilled labour and obstructed the establishment of new enterprises.

Although they were intended to be temporary, most support measures acquired an air of permanence and have proved difficult for successive Norwegian governments to remove. In addition, there is clear evidence that the number of jobs protected and created by the various subsidies and support schemes could have been protected or created at a much lower cost (see OECD Economic Surveys of Norway).

Andrew Graham
55, Glen Farrar,
St. Leonards,
East Kilbride.

FINANCIAL TIMES
Thursday April 9 1987

Shultz defends his mission to Moscow

BY LIONEL BARBER IN WASHINGTON

MR GEORGE SHULTZ, US Secretary of State, yesterday launched a vigorous defence of his diplomatic mission to Moscow next week amid mounting evidence that security at the US embassy and consulate in the Soviet Union has been gravely damaged.

Mr Shultz said the sex spy scandal at the US embassy in Moscow had "cast a heavy shadow" over the talks, widely seen as preparation for a superpower agreement to eliminate medium range missiles in Europe capped by a summit later this year between President Ronald Reagan and Mr Mikhail Gorbachev.

Highlighting the importance of his three-day mission, Mr Shultz said the Kremlin talks would cover all areas of arms control, including strategic and medium range missiles, nuclear testing, conventional and chemical weapons and defences in space, popularly known as star wars.

During a half-hour news conference which came shortly after he received his final instructions from President Reagan for the Moscow visit, Mr Shultz expressed his anger at the security breaches at US diplomatic missions in both Moscow and Leningrad.

"We are damned upset about it," said Mr Shultz. "We are upset with them (the Soviets) and we are upset with ourselves."

The sex spy scandal grew yesterday when the Pentagon revealed that a third US marine had been arrested on suspicion of espionage during a 12-month tour of duty at the US consulate in Leningrad.

The 26-year-old marine is being held for questioning about unauthorised contacts with Soviet women in 1981-1982. Two marines guards at the Moscow embassy have been charged with espionage, having allegedly let KGB agents roam through the mission in 1985 in return for sexual favours from Soviet women.

Mr Shultz, himself a former marine, said it was "no news" that the Soviets intended to compromise security at US embassies abroad.

Mr Shultz's own State Department has come under fire for not properly supervising both the marines and Soviet workers who have been constructing a new US embassy building in Moscow. Numerous electronic bugs have been found in the structures, the building is at least $100m over budget, and President Reagan, in an effort to contain the security scandal, said he might order the building to be destroyed.

Asked why the US did not immediately destroy the Moscow shell building, Mr Shultz said the US had lodged claims against the Soviet Union for breaching the construction contract. He stressed too that a number of measures had been taken including the appointment of two special review boards to investigate security at US diplomatic missions abroad.

A costly lesson in espionage

BY OUR WASHINGTON STAFF

THE SEX and spy scandal at the US embassy in Moscow has given Americans a timely reminder about the nature of superpower rivalry.

When Mr George Shultz, US Secretary of State, reports back to base in Washington about his talks in Moscow, he may well have to spurn his own embassy and seek refuge in a secure mobile communications van.

Such drastic measures reveal how intent the Reagan Administration is to keep a dialogue going with the Soviets. Despite the shrill diplomatic protests and the battery of counter-espionage measures announced by President Ronald Reagan on Tuesday, Mr Shultz's visit to Moscow and the preparations for a US-Soviet summit in Washington later this year are to proceed.

Business as usual? Not quite, as congressional politicans from both the Democrat and Republican parties made clear this week. The disclosures that two elite US Marine guards accepted sex with Soviet women in return for allowing KGB agents to roam through the embassy has stunned lawmakers.

"Any time you allow an espionage service as good as the KGB into sensitive areas over a considerable period of time," said one experienced official familiar with intelligence matters, "you risk incalculable damage because they can literally read, copy, penetrate everything you have got."

The revelations have also rekindled a simmering row about the new US embassy building in Moscow and its Soviet counterpart in Washington. If present fears prove correct, the new US diplomatic residence has bugs under the bed, in the walls, roofs and everywhere else that has caught the KGB's fancy. Senator Robert Byrd, Democrat Senate majority leader, has one solution: bulldoze the building and start all over again.

George Shultz: pressing ahead with talks

On Tuesday afternoon, in a snap appearance in the White House briefing room, President Reagan tried to stem the row. He will not allow the Soviets to move into their own new embassy in Washington – at Mt Alto, the second highest peak in the capital and therefore an ideal electronic snooping spot – until he is certain that the US diplomatic residence in Moscow is secure.

Mr Reagan's move although only amplifying longstanding US policy, injects an element of toughness into a diplomatic relationship which, when it comes to embassies, has appeared alarmingly weighted in favour of Moscow. Lenin – who knew a thing or two about patience – would no doubt have approved of the way his Soviet successors have over the years manoeuvred advantage.

It was 1934 when the first US Ambassador to the Soviet Union raised the issue of a new embassy with Stalin. From the start, the question of the contractor held up negotiations, which broke down in 1939. When they resumed in the 1960s, the Soviets suggested that they too needed a new embassy.

The impasse was broken in 1972 – when President Richard Nixon stood at the height of his popularity and detente reigned unchallenged. An agreement was drawn up and, five years later, a protocol on construction terms signed.

The protocol allowed Soviet workers to prefabricate the US building in Moscow, without proper US supervision. Critics argued that shoddy workmanship pushed the building $100m over budget – crucially, it also allowed them the chance to stuff the structures with bugging devices.

The State Department defence was that it did not want to bear the cost of sending American workers to Moscow, nor did it want to check on large numbers of Soviet workers coming to Washington to help build the Soviet embassy. One official said last week that "everything is being done to make the building secure."

In the light of these mishaps, the Marine guard fiasco looks even more the product of slipshod training and inadequate supervision. The two marines charged with espionage apparently allowed agents into the most sensitive area of the embassy, the communications room containing cryptographic equipment.

How far US security was damaged would depend on how many times the KGB agents were able to penetrate the secure areas and whether, over that period, they were able to break the code under which messages are sent out of the embassy.

One expert described a possible system under which messages would be typed out on a machine like a personal computer and then scrambled by using a sophisticated code card which is changed daily. Soviet penetration would depend on whether they were able to plant listening devices which could sense and transmit each character struck on computer keys and then on whether they gained regular access to the key code cards.

London and Tokyo sign securities pact

BY HUGO DIXON IN LONDON

THE British and Japanese governments yesterday signed a memorandum to exchange information on breaches of their securities regulations as part of their attempt to stamp out international securities fraud.

The agreement, which is aimed at market malpractices such as insider dealing, was signed by Mr Michael Howard, UK Minister for Corporate and Consumer affairs, on the last day of his trip to Japan. This has been dominated by accusations that the Japanese have failed to open up their financial and telecommunications markets sufficiently.

The memorandum, which came into effect immediately, demonstrated that "even at a time of some tension in trade between our nations, we can work together as responsible negotiators to conclude an important understanding," Mr Howard said.

It follows widespread concern that individual countries are unable to police securities fraud satisfactorily now that trading in financial instruments has become so international.

The US signed similar agreements with Japan last May and with Britain last September.

Under the memorandum, the two countries have agreed to pass relevant information to one another if it appears that either's securities regulations have been violated. Requests for information will be dealt with on a case-by-case basis and there will be no compulsion for either party to provide it, although refusals are expected to be rare.

Insider dealing, foul play in takeover bids, money laundering and most other illegal securities practices will be covered by the agreement. Commodity futures markets, however, are not covered – only financial futures, equity and bond markets.

Information will be exchanged on a confidential basis between Britain's Department of Trade and Industry and the Japanese Ministry of Finance. Other regulators, such as the Tokyo Stock Exchange or the London Securities and Investments Board, which feel their rules have been broken, will have to put requests for information through their respective ministries.

The memorandum is virtually identical to the agreement signed between the US and Japan.

Japanese snub Britain over stock exchange plan

Continued from Page 1

are fully aware of the potential repercussions of implementing measures which could damage Britain's trade and help fuel a full-scale, international trade war. Last week's collapse of share prices has given them a stark demonstration of the dangers which could lie ahead.

In other matters, however, Mr Howard's visit yielded more positive results. Following heavy pressure from the UK, it emerged yesterday that the Japanese Ministry of Posts and Telecommunications is softening its stand on the controversy over Cable and Wireless' participation in a new Japanese telecommunications company.

The MPT confirmed yesterday that it was now considering allowing the new company to lay a trans-pacific communications cable, a project which C&W believed would be scotched if it went along with the MPT's plans to merge two proposed telecommunications companies into one. The move is seen as a step in the right direction.

The MPT's move adds a new degree of commitment to proposals last week from Mr Fumio Watanabe, the senior Japanese businessman who has been mediating on the C&W issue. He only suggested that a feasibility study on the cable should be undertaken.

In London C&W would say yesterday only that it was discussing the proposals with its Japanese partners, but there are evidently a number of problems which would have to be resolved before a negotiated solution could be found.

A crucial one is the question of who would operate the cable. C&W is thought likely to argue that a merged consortium formed out of the two groups which have been vying for Japan's second telecommunications carrier, would lack the necessary expertise, whereas its own consortium, in which it has a 20 per cent stake, would not.

Two of the firms that Mr Howard is trying to get admitted to the Tokyo Stock Exchange did not think Mr Takeuchi's comments were such a blow to their strategies. They were more worried that any decision to impose financial sanctions on Japan could backfire.

"Before all this blew up, I don't think we would have expected an opening within 1987," said Mr Geoffrey Williams, a director of Schroeder Wagg.

"I was always brought up not to threaten Japanese with big sticks," Mr Williams continued. He was worried that the situation might degenerate into a "perpetual stand-off", which could delay Schroeder's ambitions to become a member of the exchange.

Similar comments were made by Mr Robin Fox, vice-chairman of Kleinwort Benson, who said May 1988 was the earliest date he had been expecting anyway.

"If it was actually May and we knew it would be, that wouldn't be too bad. But we would welcome it a little bit earlier."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	21	70	Dubrovnik	F	17	63	Malta	S	22	72	Rhodes	S	19	66
Algiers	S	28	82	Edinburgh	R	4	39	Manchester	C	10	50	Rio de J'o	-	—	—
Amsterdam	C	12	54	Faro	C	17	63	Manila	-	—	—	Rome	R	19	66
Athens	S	19	66	Florence	R	18	64	Melbourne	C	16	61	Salzburg	C	18	64
Bahrain	S	23	73	Frankfurt	F	15	59	Mexico City	-	—	—	San Francisco	S	10	50
Bangkok	-	—	—	Funchal	S	19	66	Miami	C	17	63	Seoul	S	22	72
Barcelona	F	19	66	Geneva	R	9	48	Milan	R	12	54	Singapore	-	—	—
Beirut	-	—	—	Gibraltar	C	19	66	Montreal	C	4	39	Stockholm	C	1	34
Belfast	R	6	43	Glasgow	R	3	37	Moscow	Sn	1	34	Strasbourg	C	15	59
Belgrade	S	23	73	Guernsey	S	11	52	Munich	F	15	59	Sydney	-	—	—
Berlin	S	15	59	Helsinki	C	2	36	Nairobi	Th	18	64	Taipei	-	—	—
Biarritz	C	16	61	H. Kong	F	24	75	Naples	F	22	72	Tangier	C	20	68
Bombay	S	31	88	Innsbruck	C	17	63	Nassau	-	—	—	Tel Aviv	S	24	75
Bordeaux	F	17	63	Inverness	C	5	41	New Delhi	-	—	—	Tenerife	S	24	75
Brussels	F	14	57	Islamabad	-	—	—	New York	S	8	46	Tokyo	S	24	75
Budapest	S	19	66	Istanbul	S	14	57	Nice	R	13	55	Toronto	S	2	36
B. Aires	-	—	—	Jakarta	-	—	—	Nicosia	-	—	—	Tunis	F	24	75
Cairo	S	30	86	Jersey	C	12	54	Oporto	C	14	57	Valencia	F	23	73
Cape Town	S	23	73	Jo'burg	S	28	82	Oslo	S	6	43	Venice	R	14	57
Caracas	-	—	—	Lima	-	—	—	Paris	F	14	57	Vienna	F	18	64
Casablanca	F	20	68	Lisbon	C	15	59	Peking	S	25	77	Warsaw	C	15	59
Chicago	C	2	36	London	F	12	54	Prague	F	17	63	Washington	S	10	50
Cologne	F	16	61	Los Angeles	S	15	59	Reykjavik	R	4	39	Zurich	F	11	52
Copenhagen	Fg	3	37	Luxembourg	F	13	55								
Corfu	S	19	66	Madrid	C	15	59								
Dallas	F	7	45	Majorca	S	21	70								
Dublin	D	9	48	Malaga	F	23	73								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Prop-fan aircraft offer

Continued from Page 1

Boeing said yesterday that the IAE move had reinforced a decision it had already taken privately to use the GE prop-fan in the 7J7 because its own studies had shown the prop-fan to have a 9 per cent better fuel consumption than the Superfan over a 500 nautical miles trip.

Boeing will now proceed with detailed design of the prop-fan 7J7, and may formally launch the aircraft later this year, depending on airline responses to a marketing campaign now getting under way.

Boeing does not seem to be worried that its 7J7 will be well behind the A-320 in the marketplace. It believes the combined attractions of the new prop-fan engine, and the other advanced technologies in the 7J7, including new avionics systems and lightweight materials, will give it a big advantage in performance over the A-320, in the mid 1990s and beyond.

The GE-36 prop-fan engine has two counter-rotating hubs, on each of which is mounted a set of eight big propeller blades, shaped like a ships' screw. Two engines will be mounted at the rear of the fuselage of the 7J7, one on each side.

The engine has been undergoing flight tests mounted on a Boeing 727 three-engined jet.

The Superfan engine concept has lasted little more than three months. It was offered to Airbus at the end of last year, as a prospective rival to the CFM-56 engine in the Airbus A-340.

No perks for small investor in latest UK flotation

By Richard Tomkins in London

THE COUNTDOWN to the flotation of Rolls-Royce, the UK state-owned aero-engine maker, began yesterday amid clear signs that the British Government has decided against using the issue as a plank for widening share ownership.

Small investors will be given no special incentives to apply for shares other than the ability to pay for them in two instalments, and the minimum application level of 400 shares will prove more expensive than in other recent privatisations.

There will be no overseas offering of the shares because of Rolls-Royce's sensitive military contracts with the Ministry of Defence, and foreign shareholdings will not be allowed to total more than 15 per cent. The Government will retain a special share to keep the company under UK control.

Dividends will not become payable until the second instalment has been paid, so the enhancement of the effective yield – a notable feature of the British Gas and British Airways issues – will be absent.

Unveiling the pathfinder prospectus for the flotation, Mr Paul Channon, the Trade and Industry Secretary, made no reference to the Government's aim of widening share ownership. When pressed on the absence of perks attaching to the shares, he said he did not particularly want to introduce incentives to attract first-time investors to the issue.

Mr Channon said the Government wanted small investors as well as institutions to apply, but no decision had yet been taken on how much of the issue would be set aside for the public.

Samuel Montagu, the merchant bank sponsoring the flotation, said a "significant proportion" of the shares would be placed with UK institutions, with the balance going to the public.

If there was strong demand for the shares, a clawback arrangement would increase the public's allocation at the expense of the institutions.

The Government is selling all 635m existing shares in Rolls-Royce, plus another £283m ($456m) worth of shares which will be created to wipe out the company's debt. City of London estimates suggest that the company will be valued at something approaching £1.3bn, so the share price will probably be 150p to 160p.

The actual price will be announced two days before the publication of the full prospectus on Thursday April 30.

Guinness allegation

Continued from Page 1

"It is one of the things we would very much like to know," said Mr Oliver.

Mr Oliver said Guinness was looking into the purchase of the Washington flat, which had belonged to Sir Jack Lyons. Guinness had paid Sir Jack £3m through a Swiss company called Konsultat. Of that sum, £750,000 had been used to buy the flat for Mr Ward and his family.

"So in effect Guinness was purchasing that flat for Mr Ward," Mr Oliver said.

An invoice had linked Konsultat to Pictet, a Geneva bank. Guinness had discovered a connection between Mr Saunders and Pictet, and "it may well be that Mr Saunders was embroiled in that scenario as well," Mr Oliver said.

Mr Oliver said Guinness did not accept that Mr Ward had performed services worth £5.2m. Mr Ward had "grossly exaggerated his services, for which at one time he had said he would charge only $250,000.

Mr Philip Heslop, QC for Mr Saunders, referred to a letter written by Mr Oliver Roux, Guinness's former finance director, in January to Guinness's solicitors, concerning transactions by the company.

According to the letter, those involved in the support operation had included Mr Ivan Boesky, the disgraced New York arbitrageur, and the merchant banks N.M. Rothschild, Ansbacher and Morgan Grenfell.

Also named in the letter were Mr Jacob Rothschild, a London-based financier and head of J. Rothschild Holdings, an investment company, Rudani Corporation, a Netherlands Antilles company, and Zentralsparkasse & Kommercialbank, an Austrian bank – the last named, according to Mr Roux, having been introduced to Sir Jack Lyons by Lord Ezra.

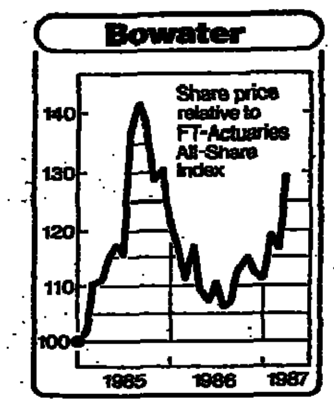
According to Mr Roux, 58m Guinness shares had eventually been bought back by Swiss nominee companies.

The hearing continues today.

THE LEX COLUMN

Second coming of Rolls-Royce

The UK equity market's slavish shadowing of its US counterpart seems to have come a little unstuck of late. Wall Street has recovered far better than London from last week's wobble. After opening badly yesterday, following the fall in the Dow Jones on Tuesday, London's attempts to perk up when Wall Street opened firmer lacked conviction. If the US is the place to be it is no wonder that rumours of GEC making an acquisition there gave its shares a boost. Almost any purchase would restore some of GEC's lost glamour, and despite capital gains on its gild-edged book, a 9 per cent running yield ought to be easy to beat.



Rolls-Royce

Like a police officer who has overfulfilled his quota of arrests, the Government has been so successful in creating new small shareholders that it can be forgiven if it lets up on its efforts. This seems to be the case if the Rolls-Royce pathfinder prospectus is anything to go by. Applications for anything less than about £600 worth of paid-up shares will not be accepted. There will be no gearing on the yield by sending out a dividend before the shares are fully paid. And even that favourite standby, the 1 for 10 loyalty bonus after three years, has been spurned.

Yet it is a good thing if new share-buyers are asked to base their decisions on normal equity investment criteria. In fact the private investor interest has been running quite high, although it appears that about 95 per cent of those polled believe that the company makes those rather nice motor cars.

What makes the issue seem even more like an ordinary flotation is that it is being directed entirely to the UK investment community. Even after R-R is back in the private sector foreigners will not be allowed more than 15 per cent of the equity. This seems excessively cautious, especially since the state will retain a golden "blocking" share in R-R. After all, the Government did not seem greatly concerned when unnamed foreign nominee accounts dominated the share register of that other defence contractor, Westland.

These limitations should rule out a "Jaguar effect" on the shares, in which US investors impose their own high rating on what is predominantly a dollar-earning company. A multiple of about 12 times prospective fully-taxed earnings will probably satisfy both sellers and buyers.

Williams/Norcros

Despite earnest protestations to the contrary from both sides the Williams Holdings bid for Norcros looks like turning into a fine old fashioned scarp. The image of smooth impregnability that Williams has sustained through a succession of agreed deals has already been a little ruffled, but not yet seriously undermined, by Norcros sniping. The conglomerate of an older vintage has asked some reasonable questions about write-downs and Williams' rather useful definition of "capital employed," which together cast serious doubt on that remarkable 40 per cent return on capital figure. However, as the return is crucially dependent – for both conglomerates – on the vagaries of goodwill write-offs it may not serve as a running scourge for the defence.

Williams will also want to address some questions of its own to the Norcros profit estimate. The pre-tax figure was above expectation – although only after the slashing of estimates at the interim stage – but the earnings rise was almost too magnificent. Attributable profits imply a tax figure down at 32 per cent, which is very helpful, as is the first full year freedom from that depressing pre-acquisition stake in UBM. But assuming the problems in Nigeria and Darlington were as bad as expected, the extra growth cannot all have come from UBM, and may be building up problems for 1987-88. Williams' share price has spent several months underperforming the market, but if it can maintain its current levels the exit p/e of nearly 17 is still not mean in view of Norcros's record.

Bowater Industries

Even by Bowater Industries' recent standards yesterday's near 10 per cent gain in the share price to 513p, despite a falling market, is pretty spectacular. While the latest of the many turning points in the company's erratic history dates back to the two major disposals last year, the arrival of the new chairman and naming of the chief executive almost amounts to a takeover. Adding to that consideration was a set of results far better than the market had been led to expect, with profits up around 30 per cent even before the pension fund holiday and strong performances by the continuing businesses.

That is not to say the new management has arrived in time to take the glory without putting in the work. A return on assets of only 14.1 per cent is clearly not satisfactory, and just pushing that up into the 20s will provide a fair bit of growth. An extra 6 percentage points on net assets of £345m is worth over £20m in trading profits. And though the problem areas that are left – such as the loss-making US businesses and the under-achieving window activities – appear to be improving now, they may still need some help on the way.

The spice, though, comes from ideas of the acquisitions to be made turning Bowater into an industrial conglomerate. Despite memories of some less-than-brilliant efforts in the past, the new Bowater seems to have been credited by the market with the sense to pick winners this time. After all a chairman fresh from BTR ought to have the knack. And thanks to those disposals, Bowater could spend £120m in cash quite comfortably or use its paper, now on a market rating. Earnings growth this year ought to beat the market average, but until some of the deals start being made the shares might sensibly take a rest.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday April 9 1987

DSM may be floated next year

Laura Raun in Heerlen reports on DSM's ambitions to be privatised, in what could become the largest introduction on the Amsterdam bourse.

DSM, the Dutch state-owned chemicals company, looks increasingly likely to be partly privatised as early as next year with management declaring that "the time is right" for going public.

Mr H. B. van Liemt, its president, said yesterday that initially about 30 per cent of the concern probably would be launched on the Amsterdam Stock Exchange if the decision were made to go ahead. That would amount to around Fl 1bn ($487m) according to market participants, which would be the largest ever introduction on the Amsterdam bourse.

DSM, formerly known as Dutch State Mines, reported that its profits rose a modest 2 per cent to Fl 412m in 1986 from Fl 402m the year before, despite a plunge in revenue. Lower operating costs, interest payments and taxes more than offset the 25 per cent drop in turnover to Fl 17.7bn from Fl 23.67bn.

Mr van Liemt emphasised that, while DSM is ready to go public, the decision is now a political one and rests with the Cabinet and Parliament. The centre-right Government has indicated its desire to sell off the company gradually for ideological and financial reasons although no official position has been taken.

If enabling legislation was submitted to Parliament, however, it probably could count on support from the governing majority held by the coalition parties, the Christian Democrats and Liberals. The main obstacle appears to be DSM's role as trustee for the Government's crucial income from natural gas, which is funnelled through the company into state coffers.

DSM insists that its gas activities, which account for a big chunk of sales and profits, remain part of the group and are not to be spun off if privatisation goes ahead. Politicians may object to funnelling state revenue through a private company, so the gas exploration and distribution activities may be put into a subsidiary that is jointly owned with the Government.

DSM, whose coal mines were closed in the mid-sixties, is active in bulk and specialty chemicals, plastics and energy. The slump in gas prices and sales volume was the main reason for last year's plunge in turnover although revenue fell in most other divisions as well.

Operating profits fell 13 per cent to Fl 727m from Fl 839m mainly due to a Fl 88m loss in fertilisers. Operating profits fell in chemicals and plastic products while rising in resins and plastic products. In the gas division, operating profits were stable at Fl 130m.

For this year, DSM expects net income to match approximately the level of 1986.

Aga may enter French bid battle

By Kevin Done in Stockholm

AGA, THE SWEDISH industrial gas group, is expected soon to enter the bidding contest for Duffour et Igon, the small French gas producer, which has already attracted bids from Union Carbide of the US and Carburos Metalicos, the Spanish gas producer in which Air Products of the US holds a minority stake.

Four international gas concerns – Union Carbide, Carburos, Aga and Linde of West Germany – have received permission from the French Finance Ministry to bid for Duffour, but only the US and Spanish groups have so far made an official offer.

The French industrial gas market is overwhelmingly dominated by L'Air Liquide, the world's biggest industrial gas producer, and Duffour represents one of the few opportunities for the major international gas groups to increase their market share in France through acquisition.

Duffour has a strong presence in the south of France and had sales last year of around FFr 370m ($61m).

Mr Jan Belfrage, Aga finance director, said last night: "We are very interested and will watch what is happening. I would not be surprised if we come up with a bid. There is a poker game currently going on."

Rhône-Poulenc

DUE to a transmission error it was mistakenly stated in yesterday's FT that Bhopal was included in the Union Carbide assets acquired by Rhône-Poulenc. In fact, Bhopal was excluded from the agro-chemical businesses Rhône-Poulenc bought from Union Carbide.

Industrie Pirelli records big jump in profits

BY ALAN FRIEDMAN IN MILAN

INDUSTRIE PIRELLI, the Italian operating arm of the Pirelli tyre and cables group, yesterday unveiled a consolidated net profit of L30.8bn ($23.7m) for 1986, an increase of 61 per cent year-on-year.

The company said this strong rise in profits reflected an improvement in each of the three divisions – tyres, cables and diversified products.

Total consolidated Industrie Pirelli sales last year rose by 5 per cent to L2,432bn ($1.87bn). Exports represented 32 per cent of total turnover.

At the group level, Pirelli last month said it recorded a 1986 "aggregate" net profit of $141m, an increase of 39 per cent on 1985. The improved profit was struck on group sales of $4.71bn, up 28 per cent. Pirelli, although it is Italy's fifth largest private sector group (after Fiat, Montedison, Ferruzzi and Olivetti), has never published a consolidated balance sheet. This is because the group is controlled via various holding companies in Switzerland and Italy.

● La Fondiaria, the Florence-based insurance group which is 49.99 per cent controlled by subsidiaries of the Montedison group, yesterday said its 1986 premiums increased by 15 per cent at the consolidated level, to L1,700bn. This group figure includes various associates. Fondiaria's direct premium income last year was L573bn (up 18 per cent) on the life side and £483.5bn (up 16 per cent) on the accident side of the business. Fondiaria did not disclose its consolidated net profit for last year, saying only that it was "appreciably higher" than the L60bn level of 1985.

Citibank's Norway arm declines

CITIBANK A/S, the Norwegian arm of the big US bank, made a net loss of just over NKr 6m ($882,000) in 1986, Reuter reports from Oslo.

Mr Bjoern Sejerstad, Citibank's Oslo treasury head, said yesterday that the group, one of seven foreign bank subsidiaries operating in Norway, had lost money because of restructuring – as part of the bank's move to investment banking from commercial banking – and the economic problems in Norway following last year's oil price falls.

Foreign banking analysts in Oslo said access to Norway's securities markets, to be approved later this spring, and lower primary reserve requirements were likely to lead to healthier bank profits.

Citibank lost NKr 490,000 in Norway in 1985, but Mr Sejerstad said the group was likely to post a profit this year because of Norway's planned credit market liberalisation and better economic performance.

Armani aims at US and Japan

BY ALAN FRIEDMAN IN MILAN

GIORGIO ARMANI, the undisputed king of the Milan fashion world, is planning an ambitious expansion programme in the United States and Japan which is expected to see the opening of around 280 outlets and is likely to cost more than $150m.

The 53-year-old Mr Armani said in Milan this week that he hopes to see 150 Emporio Armani (lower priced) outlets opened in the US over the next five years. He said he is then planning to open 100 Emporio Armani shops and around 30 upmarket Armani boutiques in Japan.

The average cost of opening an Emporio Armani shop in the US or Japan is around $500,000.

Most of the new shops are expected to be franchises. In the case of the North American market, Armani is currently in talks with GFT, the Turin-based clothing manufacturer which is considered a likely partner to handle the US opening programme.

"I don't want to roll up my sleeves and get involved in store-opening technicalities. I prefer to approach this development through joint ventures," Mr Armani explained. In the case of Japan, it is believed that Armani is in talks with major trading groups such as Mitsubishi.

The Armani group, including the upmarket designer clothes and the Emporio line, which began as a jeans range, last year made a L47bn ($36m) operating profit on L282bn of turnover.

Texaco wins temporary protection

THE TEXAS COURT of Appeals has granted Texaco temporary protection from having its assets seized by Pennzoil, following Pennzoil's victory in the latest legal skirmish between the two companies in the US Supreme Court on Monday writes **Anatole Kaletsky** in New York.

However, Texaco, the third largest US oil company, now has only a few days left to revise its whole legal strategy in what has clearly become a fight for its very survival.

The giant oil company must now concentrate on persuading the Texas courts that the size of the judgements against it are unreasonable and excessive, instead of simply challenging the basis of Pennzoil's claims.

The temporary restraining order, which enjoins Pennzoil from attaching Texaco's property and also forbids Texaco from selling or transferring any assets except in the course of normal business, is unlikely to last beyond a full court hearing scheduled for next Monday morning in Houston.

Philips to acquire Fluke group holding

BY TERRY DODSWORTH IN LONDON

PHILIPS, the Netherlands-based electronics group, is to acquire a minority holding in John Fluke, the US electronic test and measurement group, in a deal which will establish the third largest organisation in the industry.

The value of the transaction has not been disclosed, but it is believed that Philips will be buying a stake of around 10 per cent in Fluke, and will also have a seat on the American company's Board.

Under the agreement, the two companies will set up a world-wide distribution organisation, with each group selling products supplied by the other through its own sales network.

This would give Philips greater access to the US market, where it has had difficulty in carving out a profitable position for its test equipment. Fluke will also sell its products in China, Hong Kong and Japan. The US company will gain the support of Philips in Europe and the remaining world markets.

The electronic test and measurement market is valued at around $6bn worldwide and is growing rapidly with the expansion of the overall electronics industry.

About half of the world market is currently in the US, the home base of Hewlett Packard, which dominates the industry with sales of around $1.5bn.

Tektronix, another US company, is the second largest manufacturer in the field, with sales of about $800m, while Philips and Fluke combined will have revenues of approximately $400m in their test equipment business.

Morgan shows impact of Brazil loans

By James Buchan in New York

J.P. MORGAN, the parent of Morgan Guaranty Trust, yesterday became the first big US banking group to reveal the effect on earnings from the widespread downgrading of loans to Brazil.

Morgan, which yesterday reported net income for the three months to March down 3.2 per cent at $226.4m, said that the decision not to accrue interest on $1.3bn in medium and long-term loans to Brazil had reduced earnings by $20m, of which $4m related to interest booked but not collected from last year.

The action on Morgan's Brazilian portfolio, which is expected to reduce earnings $72m for the year, held back the bank's net interest earnings to $490.4m for the quarter, as against $499.4m.

Eaton abandons its diversification policy

BY NICK GARNETT IN LONDON

EATON Corporation is abandoning, at least for the time being, any thoughts of further diversification through acquisition, a policy which significantly altered the structure of the US group during the past six years.

Mr James Stover, chairman since last year of the vehicle components and electronics manufacturer, says Eaton will concentrate instead on improving manufacturing methods and the profitability of its core businesses.

With a net income last year of \$138m on sales of \$3.8bn, Eaton obtains 40 per cent of its turnover from vehicle (mainly truck) components and 60 per cent from the electrical and electronic production which includes industrial, domestic appliance and automotive controls, semi-conductor fabrication equipment and controls for military and commercial aircraft.

In an interview on the future direction of the company, Mr Stover says potential acquisitions, particularly in electronics have become ridiculously expensive. Returns from electronics around the world were also poorer than when Eaton began expanding in this sector at the end of the 1970s.

However, Mr Stover does not expect the relative balance between electronics and vehicle components to shift significantly within the group's total sales.

He also indicates that Eaton is still keen to buy companies which add to the product ranges and technical skills in Eaton's core businesses. There were more opportunities for doing this in electrical power and controls than in vehicle components.

In the past year, Eaton has been getting out of some businesses producing low returns or which were viewed as too distant in terms of products from the group's core activities. The group has made an after-tax charge of \$41m against last year's earnings to cover the cost of this.

Eaton decided recently to sell its microwave test operations, shut down some of its semiconductor equipment operations, dispose of Eaton Kenway, which is in automated materials handling, as well as its industrial polymer division. The businesses which Eaton has been selling (or closing) account for 6 per cent of group sales.

"One of our main tasks is to get electrical and electronic businesses more profitable than they have been," says Mr Stover.

At the moment, Eaton's truck component operations, which include transmissions, axles and brakes and which are selling in markets with an average yearly real growth of at least 3 per cent, are significantly more profitable.

Expenditure on retooling, however, is being spread right across the group. Eaton is planning \$188m of capital spending through this year, up by more than 15 per cent on 1986.

Group sales per employee have risen from \$65,000 to \$92,000 over the past six years while Eaton's employment is down from 61,000 in 1979 to 43,000 now. Net earnings were well down from the \$231m of 1985, but Mr Stephen Hardis, vice-chairman and chief financial officer, says Eaton's aim is to secure its position in the top quarter of US companies for profitability by maintaining its 5 to 6 per cent return on sales.

Total sales will be higher this year than last year, says Eaton. However, turnover will be adversely affected in 1988-89 because Eaton's defence contracts, which are running at about \$1bn now will probably fall to about \$500m by that date.

This is because Eaton's electronics work related to the B-1B bomber – currently running at \$780m – has peaked and will fall from the end of this year.

Mr Stover says Eaton will continue to subcontract more of its components and will increase the number of co-operation agreements with other companies. These include, for example, its joint venture with Clark Equipment in Brazil.

Allied-Signal sells off Ampex video division

BY ANATOLE KALETSKY IN NEW YORK

ALLIED-SIGNAL, the New Jersey industrial conglomerate which has been focusing its operations on aerospace and automotive components, has sold Ampex, the world's leading manufacturer of professional video tape equipment, for \$479m to Lanesborough corporation, a privately held investment concern.

Lanesborough, which owns several specialty chemical companies, said it would pay for Ampex with its own resources and the subsequent issue of new equity and debt. An unnamed New York bank was offering a line of credit of up to \$475m to finance the initial acquisition.

With the sale of Ampex, Allied-Signal is well on the way to completing what is expected to be the final phase of one of the most protracted and convoluted corporate restructurings in US history. Since 1983, when Allied bought Bendix Corporation for \$1.8bn, Mr Edward Hennessy, the company's chairman, has become an avid trader in companies, spending about \$8.8bn on acquisitions and simultaneously raising over \$9bn through the sale of other businesses.

After reorganising a collection of 35 motley "non-core" operations into the Henley Group last May and spinning them off on the stockmarket, Allied announced in December that it intended to sell individually a further seven electronics and instrumentation companies.

These companies, which included Ampex, were mostly larger and more profitable businesses than those passed on to Henley. They were expected to fetch just over \$1bn, a target which now looks like being beaten by a comfortable margin.

Only a few days before the sale of Ampex for \$479m, Allied agreed to sell Amphenol Corporation, a maker of electrical cable connectors, for \$430m to LPL Investment Group, a privately-held leveraged investment company. On March 25, Allied announced that it had sold Linotype Corporation, a printing machinery company with extensive operations in Europe, to Commerzbank of Germany for an undisclosed sum.

Linotype, Ampex and Amphenol are the largest of the seven companies Allied has put up for sale. Their combined annual turnover is around \$1.2bn out of the \$1.5bn total for the seven companies Allied put on the block.

The other four are MPB Corp, a ball bearing company; Neptune International, which makes electronic meters; Revere Corp, a maker of sensing instruments and scales; and Sigma Instruments, a manufacturer of electro-mechanical relays.

Finnish group may link with Hoechst unit

By Bernard Simon in Toronto

NESTE OY, the Finnish energy and chemicals group, may join forces with the Canadian subsidiary of Hoechst of West Germany to build a C\$270m (\$207m) octane enhancer petrochemical plant near Edmonton, Alberta.

Neste, which would have a 50 per cent interest in the project, has signed a letter of intent with Celanese Canada and Trans Mountain Pipe Line of Vancouver for construction of a methyl tertiary butyl ether (MTBE) plant for completion by 1989. Hoechst has a 56 per cent interest in Celanese Canada.

The plant is expected to produce 500m tons a year of MTBE, which is a butane/methanol mixture used as a substitute for lead in gasoline fuels. Most of the plant's output would be exported to the US through Trans Mountain's pipeline network.

Methanol feedstock for the new plant will be supplied from a nearby facility owned by Celanese. The Alberta government is expected to provide financial assistance in the form of loan guarantees.

Avon in deal to buy Giorgio

By Our Financial Staff

AVON PRODUCTS, the US cosmetics and fashion jewellery marketer, has agreed in principle to buy Giorgio, a fragrance company, for \$185m cash.

Giorgio's annual revenue is more than \$100m.

Avon said the acquisition had been approved by its board and closing was scheduled for May 7. The transaction would have no impact on Avons current dividend rate.

Giorgio's boutique in Beverly Hills, California, is to be sold back to Mr Fred Hayman, one of the shareholders, who will continue to operate it independently.

Belgian zinc group hit by restructuring

BY JEFFREY BROWN IN LONDON

HEAVY RESTRUCTURING provisions have helped push Vielle Montagne, the Belgian zinc mining and processing group, into the red for 1986.

The company, which is not paying a dividend, said yesterday that the weakness of the dollar and the sharp fall in the price of zinc had created very unfavourable trading conditions. For 1985 Vielle Montagne paid a dividend of BFr 110, (\$2.9) down from BFr 235 in 1984.

After exceptional provisions of BFr 187m, the company has run up a net loss of BFr 198m. This compares with profits in 1985 of BFr 250m which figure was struck after exceptional gains of Bfr 22m.

Turnover last year fell to BFr 16.5bn from BFr 20.2bn, reflecting the decline in the value of the dollar. The company said activity held steady last year but sales deteriorated because of the US currency's decline.

The dollar's weakness and the steep fall in the dollar price of zinc had squeezed refining margins.

Vielle Montagne, which is part of the Union Miniér division of the Société Génerale de Belgique group, suffered a loss of BFr 491m at the net level in the first half of 1986.

At the time of the interim results, the company stressed that it expected some recovery over the second half of the year because of heavy restructuring.

ITT to buy back shares

BY OUR FINANCIAL STAFF

ITT, the US diversified industrial and services group, is to buy back up an equivalent 10m of its common and preferred shares. It will fund the purchase with part of the \$1.3bn it received from selling a majority interest in its telecommunications operations, to Compagnie Générale d'Electricité of France.

The shares will be bought when market conditions are right and they will be held as treasury shares. The company said the board approved the proposed stock buy back as part of its programme to enhance shareholder value and increase ITT's per-share earnings.

Later ITT said it would redeem its outstanding \$4 convertible series I and \$4 convertible series J cumulative preferred stock, at \$100 a share plus dividend accrued through June 8, the redemption date.

The group has outstanding about 124,000 H shares, 839,000 I shares and 142,000 J shares.

AIBD BONDS INDICES

WEEKLY EUROBOND GUIDE APRIL 3 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.646	1.028	9.619	8.440
Australian Dollar	14.507	−0.664	14.735	12.830
Canadian Dollar	9.498	0.381	11.043	9.372
Euroguilder	6.214	−0.528	6.314	5.804
Euro Currency Unit	8.466	0.738	8.887	8.164
Yen	5.704	0.387	6.702	5.218
Sterling	9.881	1.709	11.609	9.693
Deutschemark	5.984	−1.107	6.652	5.984

INTERNATIONAL COMPANIES and FINANCE

£100m Eurobond marks British Airways' debut

BY CLARE PEARSON

BRITISH AIRWAYS, newly privatised by the Thatcher Government, made its debut in the Eurobond market yesterday with a £100m 10-year bond priced at 101½ and arranged by UBS (Securities).

After a weak start, the UK government bond market improved by the afternoon, allowing the BA issue to be brought late in the day.

Its initial yield was 12-18 basis points above the equivalent gilt, and the bond was indicated at a discount within its 2 per cent fees. A crop of Australian dollar bonds dominated the rest of the Eurobond new issues market yesterday, as seasoned bonds in this sector traded firmly. Other sectors of the market were in more uncertain mood, with dealers waiting for some signals on economic policy to emerge from this week's meeting of representatives of leading industrial nations in Washington.

Deutsche Bank Capital Markets was first off the mark in the Australian dollar market, with an A$50m deal for Westpac Banking Corporation. The three-year 14½ per cent bond was accorded a keen reception by the market, and was quoted at around 100 bid, against a 101½ issue price.

Hambros Bank later followed this up with an A$40m three-year deal for Toronto Dominion Bank which was even more enthusiastically received, as the pricing of the bond looked attractive for a triple-A rated borrower.

The 14¼ per cent bond, priced at 101⅜, was bid at 100½. This compared with 1½ per cent fees.

Late in the day Merrill Lynch Capital Markets launched an A$200m bond for Eastman Kodak. The zero-coupon five-year bond, priced at 54¼, did not trade actively.

Toshiba International Finance, subsidiary of the Japanese electronics group, issued late in

INTERNATIONAL BONDS

the day a US$40m five-year straight issue with a coupon of 7⅝ and a price of 101½ through Nomura International.

Nomura also brought to market a $35m equity warrants issue for Hokuriku Electric Industry, the Japanese utility, to follow the three deals it lead managed on Tuesday. The coupon was indicated at 2¼ per cent.

Two Euroyen deals emerged, despite a drop of about ¼ point in prices of seasoned Euroyen bonds following a spate of profit-taking in Japanese government bonds.

Bank of Tokyo International nevertheless launched a Y30bn deal for Quebec. This met a fair reception, even though it came with a long maturity of 10 years. Dealers said its net yield of 4.94 per cent compared well with outstanding bonds of similar maturity.

The 5 per cent deal was priced at 102½ and was quoted at 100½, the level of its total fees.

IBJ International led a Y10bn six-year bond for Dansk Naturgas. Dealers were less enthusiastic about this issue because of its relatively small size. The 4⅝ per cent bond, priced at 101⅝, was supported by the lead-manager at a bid price of less 1⅞, the level of its total fees.

McLeod Young Weir International led a C$100m bond for National Bank Mortgage Corporation, guaranteed by National Bank of Canada. The five-year 9 per cent bond was priced at 101⅞.

Salomon Brothers International led a $100m convertible 15-year bond for Federal Realty Trust, the US property investment company. The 5¼ per cent bond, priced at par, incorporates put and call options after seven years. Bonds are convertible into shares at $30⅜, a 20 per cent premium over the share price yesterday.

In the D-mark market, prices were steady in small volume. In Switzerland price movements were mixed, although some straight issues gained as much as ½ point in higher volume.

Credit Suisse led a FFr 250m seven-year bond for Mafina, the subsidiary of Petrofina, the Belgian energy company. The seven-year 2 per cent bond carries four-year equity warrants. These are exercisable at BFr 10,800, a 4.7 per cent premium over the average share price forthe last ten days.

The bond was quoted in the grey market at 101½, against a par issue price.

Credit Suisse also announced a SFr 100m convertible issue for Saitama Bank. The five-year deal has an indicated 1½ per cent coupon, but terms will be fixed on April 15.

Swiss Bank Corporation led a SFr 100m ten-year 5⅝ per cent private placement for Malaysia, its first Swiss franc issue since July 1985. The deal, which is priced at 100.20, comes in denominations of SFr 500,000.

Bond chief leaves CIBC

MR JAMIE CLARK resigned yesterday from CIBC Ltd, the London merchant banking arm of Canadian Imperial Bank of Commerce, where he has headed capital markets activities for the past seven years, writes Alexander Nicoll.

Mr Clark, a 46-year-old Canadian who has been involved in the Eurobond market since it was founded, declined to discuss his reasons for leaving CIBC, where he was deputy managing director. He was previously with American Express and Nesbitt Thomson, the Canadian securities firm.

Mr Max MacIntyre, managing director of CIBC Ltd, said Mr Clark "has decided that he wants to pursue other career paths."

CIBC has been expanding rapidly in London, with staff growing from about 70 a year ago to 125 now. It is active in the Canadian dollar fixed income and floating rate markets as well as in the Australian dollar, New Zealand dollar and Ecu sectors of the bond market.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on April 8

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	97¼	98¼	0	−⅛	8.00
A/S Eksportfinans 7⅞ 93	100	98	98½	−⅛	−⅛	7.96
A/S Eksportfinans 7¼ 92	150	97¼	98¼	−⅛	−⅛	7.75
Austria 7¼ 97	200	97½	98	−⅛	0	8.08
BP Capital 9⅛ 94	100	104⅝	105⅛	−⅛	−1¼	8.25
British Telecom 7⅞ 96	250	95¼	95¾	−⅛	−⅛	8.32
Campbell Soup 10½ 95	100	111⅞	111¾	−⅛	−⅛	8.51
Canada 9 96	1000	105⅝	106	−⅛	−⅛	8.06
Canadian Pac. 10¼ 93	100	108¼	108¾	0	+⅛	8.09
CCCE 7¼ 91	115	98¼	98¾	0	+⅛	7.51
CNCA 7¼ 91	150	98½	99	0	0	7.56
Citicorp 8¼ 93	200	98	98½	+⅛	+⅛	8.60
Credit Lyonnais 9 91	200	104½	105	0	+⅛	7.54
Credit National 9⅞ 93	150	105¼	105¾	−⅛	−⅛	7.88
Credit National 7¼ 91	150	98¼	99¼	0	0	7.53
Denmark Kingdom 7¼ 92	500	96¾	96¾	−⅛	+⅛	7.98
Denmark Kingdom 8¼ 91	300	101½	102	0	0	7.73
EEC 7 91	100	98¼	98¾	0	−⅛	7.41
EEC 8¼ 96	100	100¾	101¼	−⅛	−⅛	8.30
EEC 7¼ 93	250	98¼	98¾	0	0	7.60
EIB 7⅞ 93 A	100	99⅛	99½	−⅛	−⅛	7.76
EIB 7⅞ 93 B	100	99¼	99¾	+⅛	+⅛	7.71
Finland 7⅞ 97	200	97¼	97¾	0	0	8.25
Finland 7½ 93	200	98	98½	0	0	7.84
Ford Motor Cred. 10½ 91	150	109¼	109¾	0	−⅛	7.89
Ford Motor Cred. 11⅞ 90	100	109⅝	110⅛	0	0	7.40
Gen. Elec. Cred. 10¼ 00	200	†105¼	105¾	0	−⅛	9.51
Hoesch 7⅞ 92	100	98½	99	0	−⅛	7.69
Hoesch 7⅞ 94	300	98¼	98¾	−⅛	0	8.14
Hoesch 8¼ 97	100	98½	99	−⅛	0	8.44
Liberty Mutual 8½ 96	150	100¾	101¼	−⅛	−⅛	8.33
LTCB of Japan 8 91	100	102	102½	−⅛	0	7.43
LTCB of Japan 8 97	200	98	98½	−⅛	−⅛	8.26
Mercds.-Benz Cred. 7½ 93	100	100	100½	−⅛	−⅛	7.46
Merrill Lynch 8⅞ 91	100	102⅝	102¾	−⅛	−⅛	8.05
Mitsubishi Fin. 7⅞ 93	300	98½	99	−⅛	−⅛	8.14
Mutual America 7⅞ 92	100	98¼	97¼	0	−⅛	7.87
Norway Kingdom 7¼ 91	500	99¼	99¾	0	+⅛	7.37
Pepsico Inc. 7⅞ 93	200	97⅝	98⅛	−⅛	−⅛	7.82
Qantas Airways 10⅞ 95	140	112¼	112¾	−⅛	−⅛	8.40
Queensland Govt. 10¼ 95	100	110⅝	110⅞	−⅛	−⅛	9.34
Ralston Purina 11¼ 95	150	†115¼	115⅝	+⅛	+⅛	8.98
Saab Scania 9½ 91	125	105⅞	115⅞	0	−⅛	7.82
Saskatchewan 10¼ 92	100	111¼	111¾	0	0	7.83
State Bk. S. Aust. 9¼ 93	100	104½	105	0	−1⅛	8.39
Statoil 10 90	170	106¾	107¼	−⅛	−⅛	7.53
Swed. Exp. Cred. 7¼ 91	100	98½	99	0	+⅛	7.56
Swed. Exp. Cred. 10 92	100	109½	110	0	+⅛	7.63
Sweden 8¼ 96	200	103¼	103¾	−⅛	−⅛	8.38
Sweden 7 92	250	96¼	96¾	−⅛	0	7.40
Sweden Kingdom 10⅞ 90	200	109½	110	−⅛	−⅛	7.25
Sweden Kingdom 7 91	250	98¼	98¾	0	−⅛	7.42
Taiyo Finance 7¼ 94	100	97¾	98¼	0	−⅛	8.16
Toyota Motor Cred. 8 89	100	102⅝	103⅛	0	+⅛	7.28
Toyota Mtr. Cred. 7⅞ 92	150	97	97½	−⅛	−⅛	7.82
Victorian Rep. 11⅞ 92	150	114¼	114¾	−⅛	−⅛	8.02
World Bank 7 92	300	98¼	98½	−⅛	−⅛	7.44
World Bank 8½ 16	150	†97¼	97¾	+⅛	+⅛	8.74
Yasuda Trust Fin. 8½ 93	100	101¼	102¼	+⅛	+⅛	8.07

Average price change on day −⅛ on week −⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	110¼	111	0	−⅛	6.17
Austrian Elec. Co. 6½ 95	150	102⅞	103⅞	−⅛	−⅛	6.26
BMW 5⅞ 96	200	98¼	98¾	0	+⅛	6.26
Daimler Benz Int. 5⅞ 01	500	91¾	92¼	0	+⅛	6.67
Dow Chemical 5⅞ 96	300	94½	95¼	+⅛	+⅛	6.38
Dow Chemical 6⅞ 95	300	101¾	102½	−⅛	+⅛	6.41
EIB 5½ 98	150	95¼	96	+⅛	−⅛	6.05
EIB 6⅞ 96	300	100½	101¼	−⅛	+⅛	3.99
EIB 6⅞ 95	300	103½	104¼	0	+⅛	5.98
EIB 6 97	300	99	99¾	−⅛	+⅛	6.00
Euro. Coal & Steel 5⅞ 97	175	†99	99¾	−⅛	+⅛	5.99
Eurofima 6⅞ 96	100	100⅞	101⅞	0	0	6.10
Ex.-Im. Bk. Korea 7⅞ 90	300	104⅞	104⅞	0	0	6.04
Finland Republic 7 92	200	105	105¾	+⅛	+⅛	5.60
Hoesch Intl. Fin. 7 95	100	102⅞	102¾	0	+⅛	6.60
Hydro Quebec 5⅞ 96	125	94⅞	95⅛	+⅛	+⅛	6.34
Hydro Quebec 6 16	250	85⅞	86⅛	−⅛	0	7.37
IBJ 5⅞ 96	200	96⅛	97⅛	0	+⅛	6.10
Ireland 8⅞ 92	150	109	110¼	+⅛	−⅛	5.96
Japan Finance 5⅞ 97	100	98	98⅞	−⅛	+⅛	6.08
Julius Baer Bank 2 94	150	105⅝	106⅜	−⅛	+⅛	1.85
Korea Dev. Bank 6⅞ 93	100	101	101¾	+⅛	+⅛	6.34
Mitsubishi M. 3⅛ 89 WW	100	121¼	122¼	+⅛	+6¼	−4.28
Mitsubishi M. 3⅛ 89 XW	100	95¼	96	0	+⅛	4.89
Nestle 7⅞ 95	100	†107¼	107⅞	+⅛	+⅛	6.53
Soc. Cent. Nuclear 7⅞ 95	150	102⅞	103⅝	−⅛	0	6.76
Soc. Cent. Nuclear 8 92	100	106⅞	107⅛	−⅛	+⅛	6.48
Stewang 5½ 96	200	93⅞	94⅛	0	+⅛	6.43
Tokyo Elec. Power 6 97	300	99	99½	−⅛	+⅛	6.12
World Bank 5⅞ 97	700	99⅞	99¾	0	+⅛	5.94
Yorkshire Intl. 6⅞ 01	200	†92½	93	+⅛	+⅛	7.07

Average price change on day 0 on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅞ 96	100	†102	102⅜	0	+⅛	5.35
Amer. Corpn. 5⅞ 01	200	†91	91⅜	−⅛	+⅛	6.21
Baker Int. 4⅞ 96	200	100⅛	99	0	−⅛	3.56
Carlsberg 5 96	80	†101⅛	102	−⅛	+⅛	4.78
Chujitsuya 5⅞ 94	50	†103	103¼	+⅛	−⅛	4.85
Deutsche Bk. Fin. 5⅛ 95	100	†107	107½	+⅛	+1⅛	4.26
EIB 4⅞ 97	200	†97¼	98	+⅛	+⅛	4.90
Glendale F. S. & L. 5½ 95	100	†103	103¼	0	0	5.03
Hanzama 5⅞ 98	120	†99	99¼	0	0	5.23
Industrial Credit 5⅞ 96	75	†100½	100⅞	0	−⅛	5.46
Japan Dev. Bk. 5⅞ 97	100	†102	102¼	0	−⅛	4.85
Oberos. Kftwk. 5⅞ 95	100	†104	104¼	0	0	4.73
Olivetti Intl. 3½ 95	100	†100½	104¼	+⅛	0	4.82
Pepsico 5¼ 95	150	†107	107¼	+⅛	0	4.37
Prov. of Manitoba 4⅞ 94	200	†102	102¼	0	−⅛	4.41
Ralston Purina 5⅞ 94	125	†105¾	106	0	+⅛	4.75
Settsu Euro. 0 01	100	46½	46⅞	−⅛	0	5.64
Tohoku Elec. Pwr. 4⅞ 96	150	†97¼	97½	0	+⅛	4.85
USX Corpn. 5⅞ 98	100	†95½	95⅞	0	0	6.39
World Bank 5⅞ 94	150	†105½	105¾	−⅛	+⅛	4.85

Average price change on day 0 on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chugoku Electric 5 93	35	102¾	102	−⅛	+⅛	4.62
Denmark, Kingdom 5¼ 92	130	102½	102⅞	−⅛	+⅛	4.65
EEC 4¾ 93	250	101	101½	−⅛	+⅛	4.50
Elec. de France 5⅛ 94	20	103	103½	−⅛	+⅛	4.57
Eurofima 5½ 93	20	104	104½	−⅛	+⅛	4.67
Sweden, Kingdom 5¼ 94	50	103¼	103¾	−⅛	0	5.11
Sweden, Kingdom 5⅞ 95	20	105⅝	106⅛	−⅛	+⅛	4.76

Average price change on day −⅛ on week +⅛

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 95	0.0312	100.20	100.30	12/05	6.14
Alliance & Leic. Bldg. 94 £	0.08	99.09	99.14	20/04	11.00
Belgium, Kingdom of 91	0	100.05	100.15	19/08	6.69
Britannia 5 95 £	0⅛	99.59	99.64	8/04	11.31
Chase Manhattan Corpn. 91	0⅛	99.00	99.10	20/08	6.56
Citicorp 98	0¼	97.73	97.85	27/02	6.39
Credit Lyonnais 5 00	0⅛	99.89	99.99	13/07	6.19
EEC 3 92 DM	0	99.86	99.96	20/06	4.19
EEC 5¼ 93 Ecu	0.0312	†99.93	100.1	30/04	7.81
Halifax Bldg. Soc. £ 94	0.1	99.43	99.48	6/05	11.16
Midland Bank 01 £	0.1	98.34	98.44	9/05	11.1
Milk Mrktg. Board 5 93 £	0⅛	99.11	99.16	20/05	11.44
New Zealand 5 97 £	0.07	99.39	99.49	16/05	11
New Zealand 5 01	0	99.29	99.39	4/08	6.31
Shearson Lehman Hldgs. 91	0⅛	99.08	99.17	6/05	6.34
United Kingdom 5 92	0	99.97	100.03	7/04	6.13
Woodside Financial 5¼ 97	0	98.90	99.08	20/04	6⅛
Woolwich 5 95 £	0⅛	99.45	99.50	19/05	10.62

Average price change on day 0.00 on week −0.05

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	99⅞	100⅜	+⅛	−⅛	14.27
Bergen Bank 15 90 A$	50	100½	101½	+⅛	−⅛	14.50
BHF Bank 14⅞ 92 A$	40	101¼	102	+⅛	−⅛	13.87
BHP Fin. 14¼ 92 A$	75	99¾	100⅛	−⅛	−1⅛	14.37
Deutsche Bk. 14¼ 92 A$	100	102⅜	103⅛	−⅛	+⅛	13.25
Eurofima 14⅞ 90 A$	62	†99½	100½	−⅛	−⅛	14.38
Montedison F. 15½ 90 A$	50	100⅝	101⅜	+⅛	+⅛	15.06
World Bank 14⅞ 92 A$	100	102	103	+⅛	−⅛	13.57
Canadian Pac. 10⅞ 90 C$	75	106	106½	+⅛	+⅛	8.25
Chrysler Corpn. 10 91 C$	75	105¾	106¼	+⅛	+⅛	8.15
Genstar Fin. 11¼ 95 C$	75	†111¼	111¾	−⅛	+⅛	9.64
GMAC 9¼ 92 C$	75	†102¾	103¼	+⅛	+⅛	8.41
Royal Trustco 10⅞ 90 C$	75	105¾	106¼	−⅛	+⅛	8.37
Sears Acc. 10⅞ 92 C$	75	†106¼	106¾	−⅛	−⅛	9.01
Coca-Cola F. C. 17 90 NS	75	102⅝	103⅛	−⅛	−⅛	15.87
Denmark 17½ 89 NS	50	†100½	101	−1	−⅛	16.91
Unilever Cap. 17½ 89 NS	50	101½	102	0	−⅛	16.15
Copenhagen City 9 95 Ecu	40	103⅛	103⅝	0	+⅛	8.57
EIB 7⅞ 91 Ecu	100	†100⅝	101⅛	0	+⅛	7.10
EIB 8⅞ 95 Ecu	100	106¼	106¾	0	+⅛	7.13
Walt Disney 8⅞ 94 Ecu	62	103⅞	104⅜	+⅛	+⅛	7.69
Finland 6 91 Fl	100	99½	100	0	0	6.05
Mort. Bk. Denmark 6 91 Fl	150	98¼	98¾	0	0	6.37
Thyssen 7¼ 90 Fl	50	102¾	103¼	0	−⅛	6.20
Wessanen 6⅞ 90 Fl	50	102¾	103¼	0	+⅛	5.96
American Brand 9½ 94 £	50	99¼	99¾	+⅛	+1⅛	9.60
Amer. Express OC 10 94 £	40	101⅞	102⅜	+⅛	+⅛	9.62
Deutsche Bank 9⅞ 97 £	75	101⅛	101⅝	+⅛	+1⅛	9.65
Halifax Bld. Soc. 10⅞ 97 £	100	103⅝	103⅞	+⅛	+⅛	9.90
Imp. Chem. Inds. 10 03 £	100	103⅝	103⅞	+⅛	+1	9.56
Imp. Chem. Inds. 10⅞ 92 £	75	104½	105¼	+⅛	+1⅛	9.55
Invst. in Inds. Int. 10 93 £	60	101¼	101¾	−⅛	+⅛	9.55
Land Securities 9½ 07 £	100	†91½	92	−⅛	−⅛	10.50
Leeds Bldg. Soc. 10½ 91 £	50	103½	103½	−⅛	+⅛	9.47
Nationwide BS 10⅞ 93 £	75	102⅞	103½	+⅛	+⅛	9.61
NSW Treasury 10⅞ 92 £	50	104⅛	104½	0	+⅛	9.59
Royal Insce. 10⅞ 92 £	60	105⅛	105⅝	+⅛	+1⅛	9.40
J. Sainsbury 10⅞ 93 £	60	105⅛	105½	0	+1	9.62
Trusthouse Forte 11¼ 90 £	50	†104⅝	105⅛	−⅛	+2⅛	9.38
World Bank 11¼ 95 £	100	†112¼	112¾	+⅛	+1½	8.92
CoE 8⅞ 95 LFr	600	†104⅞	105⅜	0	−⅛	7.99
EIB 8⅞ 93 LFr	2000	†105¼	105¾	0	+½	7.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5 92 DM	12/86	472	130¼	131¼	−⅛	3.31
Minolta Camera 2⅞ 94 DM	2/86	1165	94½	95½	0	60.75
Ashikaga Bank 2⅛ 02	4/87	996	116⅞	117⅞	+⅞	9.36
Chiba Bank 2⅞ 02	1/87	830	172¼	173¼	+⅛	7.99
Fuji Bank 2⅞ 00	10/85	1823	†310½	311½	+1½	0.80
Fuji Heavy Industries 3 00	8/85	676	117¼	118¼	+1	0.12
Fujitsu 3 99	5/84	1109	111⅞	113¼	−⅛	0.71
Gunma Bank 2⅛ 02	4/87	888	115¾	116¾	+2⅛	1.58
Mitsubishi Bank 2⅞ 00	8/85	1715	318¼	319¼	+9⅛	3.45
Mitsubishi Trust 2⅞ 01	5/86	1680	321¼	322¼	+15⅛	0.54
Mitsui Bank 2⅞ 01	4/86	1019	†230	232	+1½	3.78
Mitsui Trust 2⅞ 01	10/86	1990	147¼	148¼	+3¼	5.99
Murata 3½ 00	7/84	1798	154¼	155¼	−4½	−0.65
Nippon Elec. 2⅞ 00	1/85	1295	199½	200½	+1½	175.41
Nippon Oil Co. 3 00	5/85	923	253	255	−7⅛	−3.07
OKI Elec. Ind. 3⅛ 99	10/84	885	129½	132	0	0.004
Omron Tateisi 2⅞ 02	4/87	1950	89¼	90¼	+9⅞	−29.42
Sanwa Bank 2⅞ 00	10/85	1442	325⅛	326¼	+9⅛	5.93
Sumitomo Bank 2⅞ 00	8/85	2142	309	310	+20	0.82
Toshiba Ceramics 3 00	4/85	1734	137½	138¼	+1	19.14
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	†154	155	−1	−1.46
Yokohama Bank of 2⅞ 01	10/86	1845	166¼	167¼	+9⅛	5.09

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

BSN steps up dividend as earnings rise 35%

By Our Paris Staff

BSN, France's leading food group, raised consolidated net profits by 35 per cent last year to FFr 1.081bn ($178m), excluding minorities.

The group has been expanding rapidly over the past year, with the acquisition of Generale Biscuit as well as purchases in the pasta and mineral water sectors.

Overall sales rose by 18 per cent to FFr 33.6bn, with cash-flow up 35 per cent at FFr 3.16bn. BSN is proposing an increase of FFr 10 in its dividend to FFr 70 a share, of which FFr 45 remains to be distributed.

The main grocery division of BSN recorded net profits of FFr 310m, up 31 per cent from 1985, while the dairy products operations raised profits by 61 per cent to FFr 219m.

The recently acquired Generale Biscuit, consolidated for only half the year, returned net profits of FFr 105m.

BSN's beer interests, including the Kronenbourg brand, increased profits to FFr 121m, up 55 per cent, despite a 4 per cent fall in sales.

Profits from the champagne and mineral waters division, where BSN has sold its interests in Laurent Perrier champagne but bought a stake in the major Italian mineral water group San Gemini/Ferrarelle, nearly doubled to FFr 158m from FFr 83m in 1985.

Miscellaneous interests, mainly including financial income, showed a sharp drop in net profits to FFr 73m from FFr 193m in 1985.

CME to raise Eurodollar futures listings

By David Owen in Chicago

THE CHICAGO Mercantile Exchange, the world's second largest futures exchange, this week approved a proposal to increase the number of quarterly listings for its thriving Eurodollar futures contract from eight to 12 pending regulatory approval.

The proposed move is designed to accommodate institutional demand for hedging intermediate term interest rate swaps.

In the past year, while Eurodollar futures volume has soared to a February 1987 daily average of some 77,000 lots, open interest in the deferred contract months has nearly doubled—an indication of increased hedger involvement.

The Merc's proposal has nonetheless been criticised by some who fear that liquidity in the longer months would be adversely affected by such a move. Adding the extra contracts, they contend, will merely spread existing volume more thinly without generating much in the way of new business.

First overseas borrowing for Chinese bank

THE PEOPLE'S Construction Bank of China is launching its first international borrowing by mandating four foreign banks for a US$150m loan, Reuter reports from Hong Kong.

The lead managers are Banque Indosuez, Bank of Tokyo, Citicorp International Ltd and Industrial Bank of Japan Ltd.

The 10 year loan has a 4½ year grace period. Interest is set at ⅛ percentage point over London interbank offered rate for the first eight years, rising to ¼ per cent for the remaining two years. There is a 1/16 per cent management fee and an unspecified, but very small, commitment fee.

Syndication of the loan is expected to start soon and it should be signed in Shanghai next month.

The Construction Bank, which is one of four specialist banks in China, focuses on infrastructure and heavy industrial projects.

The funds raised will partly finance two ethylene factories near Shanghai. Construction of the plants, which are a large item in the current five-year plan, will begin soon.

The plants will cost more than US$300m. The remainder of the funds will come from export credits and domestic borrowings.

Paris indecision stalls bank offer

BY GEORGE GRAHAM IN PARIS

FRANCE'S smallest privatisation is causing the Government some of its biggest headaches.

The finance ministry has fixed a price of FFr 140 ($23) a share for the flotation of the Banque Industrielle et Mobilière Privée (BIMP). But it has been unable to make up its mind over which financial institutions should be allowed to buy control of the bank before the rest of its shares are offered for sale to the public.

Mr Edouard Balladur, Minister for Finance and the Economy, is not now expected to decide on the choice of the hard-core investors who will control the company until he returns to Paris from this week's meeting of the International Monetary Fund in Washington.

The offer for sale, originally due to open from Monday to Thursday next week, is now to be delayed by a week.

Few of the original candidates for taking control of BIMP have withdrawn since being informed of the price of FFr 140 a share, which values BIMP at FFr 352m ($58m) – well above most expectations.

Finance ministry officials yesterday refused to confirm the price and said it had not yet been decided whether to issue a communique about the offer for sale on Friday, as they had originally intended.

The delay in BIMP's offer for sale is thought to stem from the difficulty of allotting the 51 per cent of the capital which has been reserved for the hard core.

Bankers in Paris still expect the control to be allotted to a group led by Michelin, the tyre maker, which owned the bank before its nationalisation in 1982. The consortium also includes the Mutuelles des Mans insurance group.

The Michelin group is believed, however, not to be willing to accept less than 51 per cent, which makes it difficult for the ministry to satisfy some of BIMP's major customers, who have applied for smaller stakes.

The consortium led by Mr Francois Rosset, the former finance director of BIMP, who resigned at the time of its nationalisation, is applying for only 34 per cent of the capital and hopes the Finance Ministry will favour its bid along with the smaller applications of BIMP's industrial clients.

Other leading French financial figures such as Mr Georges Pebereau, former chairman of the soon to be privatised Compagnie Générale d'Electricité (CGE), and his predecessor at CGE, Mr Ambroise Roux, have also been candidates for BIMP's hard core.

The hard core investors will have to pay a premium of 35 per cent for a blocking stake of over 33 per cent and of 45 per cent for full control over 50 per cent of the capital.

Exchange acts to calm rush for Sogenal

THE FRENCH stock exchange has had to take unprecedented steps to cope with the rush of investors demanding shares in Sogenal, the recently privatised regional bank, George Graham writes from Paris.

Buyers have swamped the Nancy regional stock exchange where Sogenal's shares were due to be quoted, preventing an orderly market. The stock exchange has suspended the shares and introduced special provisions in a bid to calm the market.

Tuesday's market session saw buying orders for 1.3m Sogenal shares, against only 300,000 shares offered for sale. Last week, the excess of buying demand had already prevented a price from being fixed within the stock exchange's rules.

Efforts to reach a price will resume today with the stock exchange committee fixing a single quotation price and reducing orders if necessary.

Sogenal's shares have been moved back from the main monthly settlement market to the cash market in the hope that this will discourage speculators since they will now be obliged to pay for their purchases immediately.

Paribas, the largest French privatisation, began on the cash market before moving recently onto the monthly settlement market and was traded successfully from its first day of quotation. St Gobain, by contrast, was introduced directly to the monthly settlement market and could not be quoted for two days after its first listing because of the weight of demand.

To ensure that a price for Sogenal can be fixed today, the stock exchange committee has ordered all outstanding orders to be cancelled. New orders, valid only for a single day, have had to be resubmitted to brokers.

Sogenal's offer for sale was more than 40 times subscribed and individual applicants received no more than six of the FFr 125 shares apiece. An indicative price of FFr 200 is now being quoted by the stock exchange.

INTL. COMPANIES and FINANCE

Jardine alters share issue terms

BY DAVID DODWELL IN HONG KONG

THE HONG KONG Stock Exchange yesterday forced Jardine Matheson, the territory's oldest trading group, to abandon plans to create a new category of shares as a means of cementing existing shareholder control when it said it would not allow B shares to be listed on the exchange.

The announcement—followed swiftly by news that the territory's standing committee on company law reform has been asked to consider "as a matter of urgency" the principles that should underly a policy on two-tier share structures—triggered an immediate rally on the market and staunched controversy that seemed destined to rock local and international investor confidence. The Hang Seng index rose almost 65 points on the day, to close at 2,729.5.

Mr Brian Powers, who inspired the Jardine plan, said yesterday that the group was disappointed by the government decision. Instead he unveiled proposals for a two-for-five scrip issue that promises to give shareholders a 40 per cent increase in dividend income at the end of the current financial year.

Jardine's proposal to create B shares that would have had a lower nominal value than A shares, but equal voting rights, was accepted with virtually no comment when unveiled almost two weeks ago.

Local market operators became alarmed — as did market regulators — when it emerged four days later that Jardine's "rediscovery" of a device many thought had been outlawed for the past 15 years seemed destined to trigger an avalanche of copy-cat applications.

By the time a moratorium was imposed on such proposals, Mr Li Ka-shing's Hutchison Whampoa and Cheung Kong companies had announced plans to create B shares, and merchant bankers were talking of appearances from around 30 other companies.

Mr Ronald Li, chairman of the stock exchange, in a joint statement with Mr Ray Astin, Commissioner for Securities, said yesterday that the exchange had opted to outlaw plans for two-tier share structures because of the "strong opposition" from stock exchange members, and because of the "potential disadvantages" of such schemes.

Hutchison and Cheung Kong had earlier agreed to withdraw their plans on the grounds that they had generated market nervousness that "may be damaging to Hong Kong's image as a leading financial centre." Jardine had been unwilling to back down voluntarily.

Among the disadvantages alluded to by the exchange were worries that Chinese family companies would use the device to take cash out of Hong Kong and to retain control owning only a tiny proportion of the equity. In addition, there was seen to be scope for manipulation between A and B shares that could lead to unreasonable price differentials emerging between them.

Samba opens branch office in London

BY RICHARD JOHNS

SAUDI American Bank (Samba), in which Citicorp of the US has a 40 per cent stake, yesterday opened a branch office in London to become the third of the kingdom's domestic institutions to become a licensed depositor in the City.

"Samba needs a window to the international marketplace and there is no better location than London," Mr Shaukat Aziz, the Riyadh based bank's managing-director, said yesterday.

Saudi Arabia's two biggest commercial banks, National Commercial Bank and Riyadh Bank, have already established footholds in the City. Third-placed Samba, with assets of 15.32bn riyals ($4.2bn), has had a representative office for just over two years.

Mr Aziz, an executive with Citicorp, which has a management contract with Samba, said that the three main priorities for the London branch would be to become a market maker in Saudi riyals, to handle trade finance for the Middle East, and to develop investment portfolio management for the bank as well as customers.

Asked about any conflict of interest with Citicorp's activity in the City Mr Aziz said: "I think we complement each other."

Samba's moves come at a time when Saudi banks have been squeezed by several years of economic recession and a burden of non-performing loans, as well as disturbing judgments by the religious courts dismissing claims for unpaid interest.

Last year Samba's net income fell to 80.7m riyals compared with 174.4m riyals in 1985 after provision for possible loan losses of 180.2m riyals. At the same time deposits grew marginally to 12.3bn riyals from 11.6bn riyals.

Earnings per share were down by 54 per cent at 26.90 riyals compared with 58.15 riyals.

Mr Aziz said bad debts had been "pretty well boxed" as particular problems had been identified and arrangements for settlements made. He predicted a "fairly good year" in 1987.

Koor forecasts 15% rise in 1987 sales to $1.5bn

BY ANDREW WHITLEY IN TEL AVIV

KOOR, the large Israeli industrial group, has forecast an increase in sales this year of 15 per cent to $1.5bn, largely in response to continued strong consumer spending in its domestic market.

Mr Yeshayahu Gavish, Koor's chairman, said his 1987 forecasts were based on an annual inflation rate in Israel of about 20 per cent—the same as 1986—and little change in the country's high interest rates.

In what is becoming a familiar complaint from Israeli industrial concerns, Mr Gavish blamed price controls and the frozen exchange rate of the shekel against the dollar as having been chiefly responsible for last year's difficulties.

The diversified group's 9 per cent improvement in turnover recorded in 1986 was attributed largely to a late surge in consumer spending.

However, independent corporate consultants put the blame on management for the woes of Israeli industry. At a time of generally low input prices, with fuel oil, electricity and imported raw material costs all remaining stable in 1986, the Euroteam company said last week the real villain had been the high wage rises conceded by the private sector.

Koor, a subsidiary of Hevrat Ha'ovdim, the labour federation-owned holding company, is anticipating an 8 per cent rise in exports in 1987 to $600m.

Anheuser-Busch enters contest for San Miguel

BY OUR FINANCIAL STAFF

ANHEUSER-BUSCH, the US brewer which has Budweiser as its leading brand, has entered the centre of the contest to become the key foreign partner in San Miguel Corporation, the Philippines' leading food and beverage producer.

The Manila government yesterady identified Anheuser—which had previously expressed interest in its Hong Kong operation—as the latest potential bidder for a minority stake in the whole of San Miguel. This would be part of a 32 per cent disputed parcel which its board hopes to buy back from the state-controlled Cocobank.

Mr Ramon Diaz, who heads the Presidential Commission on Good Government—a body engaged in tracking down wealth allegedly misappropriated by former President Ferdinand Marcos—said the US company had told the government it was interested in buying 14m B shares of San Miguel.

This is the same 12 per cent holding for which Mr Alan Bond, the Perth brewing entrepreneur, has offered 150 pesos per share, or some 2.1bn pesos ($102.2m). Elders IXL and Ariadne, both of Australia, have also been seeking a stake.

● Atlas Consolidated Mining, the Philippines' largest copper producer, said it remains in talks with Mr Bond on a bail-out package following a reduction in 1986 losses at Atlas to 976.4m pesos from 1.54bn pesos.

UK COMPANY NEWS

Norcros defence predicts 17% profits rise to £53m

BY NIKKI TAIT

Norcros, the building materials and printing group, yesterday launched its defence against the £600m bid from Williams Holdings by forecasting a 17 per cent increase in pre-tax profits to £53m in the year to end-March and a 31 per cent rise in earnings per share.

Contributions to the profits improvement came from all divisions, according to Norcros. It did not supply any breakdown, but said yesterday that the leading division was UBM—the builders merchanting group where operating profits advanced by 34 per cent to about £10m.

The discrepancy between the earnings per share progress—estimated at 28p for 1986-87—and the profits advance is largely explained by the tax charge which has fallen from almost 38 per cent in 1985-86 to 32 per cent.

In addition to its profit forecast, Norcros said it would recommend a final dividend of 9p, making a total of 12p for the year, an increase of 29 per cent over 1985/86.

The forecast, however, was greeted with equanimity by Williams. Mr Brian McGowan, Williams' managing director, pointed to the value of the paper terms—with Williams down 9p to 803p yesterday, the bid is worth 465p for each Norcros—against the Norcros price, 5p lower at 445p.

"The market seems to think the offer is full and fair," he commented. Williams cash alternative is 400.2p.

In its defence document, Norcros hit back strongly at suggestions that there was synergy between the two groups; yesterday, Mr Terry Simpson, Norcros's chief executive, claimed that a maximum of £2m- to £3m-worth of Williams' products could be sold through UBM outlets.

Joint product promotions are inapplicable, argued Norcros, and it had no need of Williams' market intelligence.

On UBM itself, which Norcros finally acquired in 1985 after an unsuccessful offer two years earlier, the defence document said that capital investment last year was £7m, and that this should almost double to £13m in 1987/88. The number of branches had increased during the year from 93 to 108 and Norcros was targeting for 128 by the end of the current year and 184 by 1991.

Capital expenditure for the group overall was £24m last year and is due to rise to £40m in the current 12 months.

Fenner plans float on Johannesburg SE

BY RALPH ATKINS

J. H. Fenner (Holdings), the power transmission engineer, plans to float its 50 per cent-owned South African subsidiary on the Johannesburg Stock Exchange.

The group says the flotation will give Fenner S.A. access to new sources of finance without increasing the amount of investment the holding company makes in South Africa.

Mr Roger Boyes, finance director of Fenner, said the decision was taken for commercial rather than political reasons.

"The management of that company have formed a view of what is in the best interests for the future," he said.

Before the flotation Fenner S.A. will make acquisitions worth R15.7m (£4.76m) from Reunert, a South African advanced electronics company. The companies being acquired are Control Specialists, Furmanite and 50 per cent of KSB Pumps.

Fenner International, the African arm of Fenner Holdings and parent company of Fenner S.A., and Hill Samuel Merchant Bank S.A. will also buy the 50 per cent of Fenner S. A. shares owned by Reunert.

Mr Boyes said the acquisitions would both expand and diversify the activities of Fenner SA, at present a maker of conveyor belts and power transmission equipment.

"The new businesses it is acquiring add to the product range and will allow it to move into different but associated market segments," he said.

The acquisitions will be financed by a mixture of cash and shares. Fenner International will contribute R3.45m of the total consideration and will retain a 50 per cent stake in the enlarged Fenner SA.

Acquisitions bring Pineapple back to profit

BOOSTED BY recent acquisitions the Pineapple Group moved back into the black over the first six months of the 1986-87 year.

Profits for the half year to end January amounted to £277,000 pre-tax and were achieved from a turnover of £3.7m.

In the corresponding period of the 1985-86 year the group reported a loss of £68,000, although for comparative purposes this figure has been restated as a profit of £179,000 to take account of the February acquisition of Premium Pen.

Pineapple, a dance studio and marketing group, is traded on the USM and chaired by Ms Debbie Moore. The directors said yesterday that the past half-year reflected the progress of develepoing the group into a divisionally structured comtured based in service businesses.

They said the marketing service division, which takes in Premium Pen, was performing satisfactorily with early results giving confidence for the future. Further acquisitions in this area were being actively considered.

The product and licensing division, of which the original Pineapple company forms the cornerstone, performed below budget. A change in VAT regulations adversely affected the studio operations and the clothing activities were hit by the collapse of two major contract manufacturers which affected sales through the lack of finished stock during the peak Autumn and early Spring period.

The directors said, however, that current trade was improving and that early reactions to the Autumn/Winter '87 ranges were favourable and encouraging. The clothing business is to be relocated in north London.

New licensing areas were being investigated, with particular attention being given to the toiletries market.

In line with the group's strategy of development through organic growth and acquisition, the operational management structure has been reviewed and streamlined and the head office has been strengthened in the areas of financial control and treasury management.

Further main board appointments were being considered.

During the half-year there were exceptional provisions of £92,000. These reflected a bad debt written off in respect of a contract manufacturer and compensation payments to former directors of group companies.

Tax took £105,000 (£98,000) and left earnings per 10p share at 1p (0.6p).

Sinclair buys Bark group for £0.9m

William Sinclair Holdings has purchased Bark Products (Bristol) together with its wholly-owned subsidiary Bark Composts and its 50 per cent interest in Bark Products (Scotland). Prior to the purchase the haulage business of Woodward and Williams had been transferred into Bark Products (Bristol) and was thus included in the purchase.

Consideration was £933,100, satisfied by £183,100 in cash, 97,193 ordinary shares in Sinclair and £500,000 in 9 per cent loan notes. There is a maximum additional consideration of £250,000 in cash, should pre-tax profits of the Bark Products Group exceed £240,000 for their year ending September 30 1987.

Delaney to buy Lawn Shopfitters

Delaney Group has entered into a conditional agreement to acquire Lawn Shopfitters—a shopfitting contractor and manufacturer—and its subsidiaries, for an initial consideration of £1.12m and a maximum additional consideration, depending on future profits of £1.58m.

Lawn has grown rapidly over the last three years, having acquired significant recurring contracts from several high street traders.

In the six months to February 28 1987, Lawn Group had pre-tax figures of £498,000 on turnover of £2.33m.

Common's purchase

COMMON BROS has acquired a 50 per cent interest in Orley Shipping, a Liberian corporation formed to acquire and operate the cruise ship SS Liberte. Orley completed negotiations for the acquisition of the ship on April 7, 1987 and took delivery the same day.

Consideration for the Orley shares is being met from the transfer at $6 (£3.7) per share of 500,000 out of the company's 2.93m shares in its US-based cruise line subsidiary, Bermuda Star (BSL). This was the same price at which BSL's shares were offered to the public in the US in early February 1987. Common Bros' holding in BSL has been reduced from 72 per cent to 60 per cent as a result of the transaction.

NET GEARING REDUCED TO 15 PER CENT

Disposals help Bowater to £48m

BY TONY JACKSON

Bowater Industries, the ex-paper maker turned industrial holding company, presented the market yesterday with a 48 per cent profits jump and a new managing director. With 1986 pre-tax at £48m and the new recruit named as Mr David Lyon, managing director of Redland, the building materials group, Bowater's shares jumped 45p to close at 513p.

Mr Norman Ireland, Bowater's new chairman—just retired as finance director of BTR—said that last year saw the completion of Bowater's restructuring. Disposals had raised £104m and eliminated a further £52m of related borrowings, while £70m had been spent on acquisitions.

This left net gearing at 15 per cent, he said.

"From now on, it is our intention to use the war chest available to use to seek new opportunities."

This included studying the benefits of going into new areas for the group, both geographically and by product, he said.

Group sales were 4 per cent up at £1,340m, with £319m of that coming in businesses since sold. Trading profits were up 41 per cent at £63.4m, of which businesses sold accounted for £14.8m. The main disposals were Bowater Scott UK, sold in August, and the UK paper business, sold in September.

Profits were helped by a £3m pensions holiday in the continuing businesses, which Mr Ireland said would be repeated this year. There was a further non-recurring £3m benefit in the businesses sold.

The packaging division showed 18 per cent growth in sales, and trading profits up by 40 per cent before the pensions holiday. The current year in packaging had started on a similar trend.

Acquisitions of builders' merchants had doubled the number of UK outlets to 102, and further acquisitions were expected this year. The PVC window business had moved into profit last year, though at an inadequate level, and was expected to do better this year.

In the US, Imperial Freight had made a loss higher than the £800,000 suffered in 1985, offsetting an improvement in US packaging. An entirely new management team had been installed.

In the Australian tissue business, where Bowater bought the outstanding 50 per cent of Bowater Scott last year, there was little scope for higher sales or profits until capacity had been increased.

Bowater aimed to spend up to £10m in increasing its pulp capacity in Australia, since its currently bought 40 per cent of its pulp requirements at A$1,000 (£439) per tonne against an in-house manufacturing price of A$200.

There was an extraordinary profit of £15.4m (debit £11.9m) on disposals, and earnings per share were up 34 per cent at 27.7p. The final dividend is up 9 per cent at 6p net, making 10p for the year.

"The management, both the old and new hands, are quietly confident of continuing improvement in earnings per share for the group," Mr Ireland said.

DIVISIONAL ANALYSIS

	Trading profit	
	1986 £m	1985 £m
Packaging	23.2	14.2
Merchanting and services	18.4	9.6
Tissue and timber	9.0	5.8
Other	(2.0)	2.1
Discontinued operations	14.8	13.4
Total	63.4	45.1

Norman Ireland new chairman of Bowater

Lonrho fails in appeal on Fraser scheme

By Martin Dickson

Lonrho, the international trading and mining group, yesterday failed with an appeal to the House of Lords designed to prevent House of Fraser, the stores group which owns Harrods, from becoming a private company.

The case is one of a number arising from a long-running, acrimonious feud between Lonrho and the Egyptian Al-Fayed family, which acquired Fraser in 1985.

The Scottish Court of Session ruled last November that Fraser was entitled to buy in its outstanding preference shares—the only obstacle to its plans to going private.

Lonrho had managed to keep Fraser a public company, with an obligation to publish its annual accounts, by acquiring a small holding in its preference shares.

However, in an unanimous judgment yesterday the five law Lords concluded that Fraser had followed the procedure set out in the company's articles of association and dismissed Lonrho's appeal. Costs were awarded against Lonrho.

Another battle involving the two will reach a new stage today. Last Friday an emergency High Court hearing granted Lonrho an order freezing 310,000 of its shares, 250,000 of which are registered in the name of Fraser. Lonrho alleged that Fraser had given untruthful answers to questions about the number of Lonrho shares it held, or were held by nominees on its behalf. Fraser, which was not represented at Friday's hearing, will be able to challenge the order today.

Wardle Storeys trebles to £5.6m and orders buoyant

BY PHILIP COGGAN

Wardle Storeys, the plastics sheeting and survival equipment group currently making a hostile bid for Chamberlain Phipps, yesterday announced trebled interim pre-tax profits of £5.57m (£1.8m) and doubled earnings per share at 15.4p (7.7p).

In June last year, Wardle industrial company, for £28m indsutrial company, for £28m but has since sold off the bulk of the group, retaining only the rubber dinghy and parachute manufacturing businesses in a new safety and survival division.

Businesses sold or awaiting disposal contributed £633,000 on turnover of £6.81m in the six months to February 28.

The safety and survival division continued £1.57m to operating profits, a 127 per cent improvement over its performance at RFD. With the technical products division increasing profits by 70 per cent to £2.74m (£1.61m), operating profits on continuing business were up 109 per cent at £4.31m (£1.61m).

Mr Brian Taylor, Wardle's managing director, said yesterday that order books were improved in all areas.

Negotiations were proceeding smoothly for the acquisition of the Weston Hyde coated fabrics business which would be absorbed in the technical products division.

The threefold increase in pre-tax profits was achieved on turnover up 91 per cent at £38.25m (£20.03m) and includes net interest receivable of £628,000 (£198,000). The tax charge was £1.84m (£622,050) and the interim dividend is being set at 2.5p (2p).

Wardle launched its three-for-ten bid for Chamberlain Phipps, the shoe components and adhesives group, in February after Chamberlain rebuffed an earlier merger approach.

On Tuesday, the Northamptonshire-based group, which is vigorously contesting the bid, forecast a 26 per cent profits increase in the coming year to £7.25m.

Chamberlain was not greatly impressed with Wardle's figures, pointing out that earnings per share had in fact fallen from the 15.9p achieved in last year's second half.

Wardle, which currently owns less than 1 per cent of Chamberlain, is widely expected to increase its bid next week.

On the basis of last night's closing prices of 465p, up 18p for Wardle Storeys and 156p, down 3p, for Chamberlain Phipps, the bid is currently worth around £50m.

● **comment**

Wardle and Chamberlain look set to dispute whether these figures should be compared with last year's first or second half, but Wardle can point to a long term seasonal bias in its technical products division as evidence in its favour. This year, because of the presence of non-recurring profits from sold businesses in the first half, the bias will be slightly less marked and £11.5m looks feasible for the full year. The RFD deal looks better and better in retrospect—although whether Chamberlain Phipps is quite as ripe for a carve-up is open to doubt. Following the revised Chamberlain forecast, Mr Taylor looks unlikely to succeed with his current offer but as a man renowned for not paying over the odds, he might be as likely to walk away as to up his bid. With or without Chamberlain, the shares seem fairly rated on a prospective p/e of 14.5.

AmBrit errors found in balance sheets

AmBrit International, the USM quoted company specialising in developing and managing oil and gas reserves, said an error has been found in the company's last two balance sheets.

The error affects only the company balance sheet and not the consolidated balance sheet or the consolidated profit and loss account.

The mistake was discovered by the group's auditors, Arthur Young, while preparing evidence for a High Court application to have the reduce the nominal value of the company's shares and convert some deferred shares into ordinary shares.

The group said the mistake—announced at its agm yesterday (Wednesday)—was caused by using an incorrect exchange rate when converting into sterling a $1m loan from the parent company to a US subsidiary.

Had the correct rate been used the loss incurred by the company would have increased by £185,247 in 1985 and £17,637 in 1986.

The results should have shown an accumulated loss at December 31 1986 of £591,293, compared with £535.082 in 1985, and a loss for the year of £56,211 against £250,357 in 1985.

Brixton Estate rises by 11%

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Brixton Estate, the property investment group with interests in Europe, Australia and the US, extended its line of profits growth in 1986 and yesterday won the immediate approval of the market which raised its share price by 6p to 202p.

Pre-tax profits in the year to last December were £10.7m, or 11.2 per cent higher than the £9.6m earned in 1985, Brixton announced yesterday.

The final dividend is 3.9p net a share, bringing the total payment for the year to 6.5p compared with 5.65p for 1985. Earnings per share were 7.79p.

Since 1981, Brixton has doubled its net rental income. Last year it reached £22.8m, up from £19.4m the year before. Investment income showed a modest rise to £10.1m from £9.7m. This part of the business has been hurt by the sluggish nature of the property market in Houston, Texas, which caused a charge of £800,000 on investment income. This has been partially offset by a conscious attempt to lift dealing profits, which came in 1986 to £573,000.

Brixton's properties at the year end showed a surplus over book value of £22.4m. Net asset value per share now stands at 225p, a premium of 23p over the market price—not generally out of line with other large property investment groups.

The group now has a development programme worth about £100m and it seems poised for a significant leap in earnings growth. This follows a programme of site acquisitions not only on the fringe of the City of London and to the north and west of London but also at Hersham in Surrey.

Next month Brixton expects formally to apply for planning permission to develop a business, sports and leisure park at Hersham where it is the contractual owner of a 160 acres site. If the planning permission comes through, the project, with an investment value of £100m, would at one leap double the size of the existing development programme.

Unilever puts Stauffer up for sale

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

Unilever, the Anglo-Dutch consumer products group, is ready to sell the Stauffer chemicals business which it acquired when it bought Chesebrough-Pond's of the US late last year.

A sale prospectus has been distributed to several prospective buyers through Goldman Sachs, the US investment bank, Unilever said yesterday.

It refused to discuss the selling price or name the companies involved. However, most leading European and US chemical manufacturers are expected to be interested. Rhone Poulenc of France, for example, is interested in the agricultural chemicals operations.

Mr Michael Angus, Unilever chairman, said at the time of the Chesebrough-Pond's deal that he expected to sell Stauffer for around the $1.25bn Chesebrough paid for it in 1985.

Stauffer's sales for the nine months to last September totalled $1.2bn.

The company comprises four divisions: agricultural herbicides and pesticides, basic chemicals such as caustic soda, specialities such as flame retardants and catalysts, and an international arm which manufactures and markets in Europe, Latin America and the Pacific basin.

Unilever is also keen to dispose of two other companies—loss-making Bass footwear and Prince tennis rackets—which came in the Chesebrough package. Latest full-year figures show Bass had sales of $170m and Prince $62m.

It bought Chesebrough solely for its strengths in the US consumer products market, where its Vaseline and Cutex brands, Pond's cold cream and food business complement the European group's existing interests.

The disposals, plans for which were announced at the time of the takeover, are consistent with Unilever's long-standing policy of concentrating solely on its core businesses in food and drink, detergents, personal products, speciality chemicals and agricultural business in the Gulf and Africa.

A recent assessment of the Chesebrough acquisition by stockbrokers Henderson White Jenkins shows that the addition of the Vaseline and Pond's brands makes Unilever leader in the $4.5bn world skincare market.

The takeover has also reinforced its position in colour cosmetics, perfume and hair care.

Newarthill profits down over £2m

For the year to October 31, 1986 Newarthill, the civil engineer and building contractor which operates under the Sir Robert McAlpine name, has reported a fall in pre-tax profits from £16.5m to £14.3m. At the interim stage profits were down by £1m to £9.03m.

Group turnover was marginally lower at £272.77m (£274.43m) but trading profits were ahead at £9.38m (£8.87m). Interest payments rose from £3.16m to £4.17m.

Cambridge shares fail to rise on debut

Cambridge Instrument, the scientific equipment manufacturer, made a disappointing start to dealings yesterday as the shares struggled to improve on the offer price of 130p and closed unchanged.

Unfavourable market conditions were blamed for the poor performance yesterday but even when the price was announced two weeks ago, analysts felt that it was at the upper end of the price range.

M6 Cash and Carry ahead and expansion in mind

M6 Cash and Carry reflected increasing competition in some areas of the wholesale market. Nonetheless, pre-tax profits for 1986 showed a gain of 50 per cent, from £670,000 to just over £1m.

The directors stated that flotation on the USM last July raised £1.86m, which had been largely used towards the purchase of the freehold interest in units at the Haydock depot and the acquisition of assets for the new Blackburn unit.

The delivered wholesale trade operated from the Crewe depot increased by 50 per cent in 1986, and a further significant increase was anticipated in 1987. Opportunities would arise, the directors continued, to increase the group's presence in the wholesale market. The policy of expanding by acquisition would continue to be given close attention.

Turnover rose slightly from £59.46m to £60.57m—it was marginally lower at the half year.

Earnings per share were 11.72p (10.43p). As forecast, the total dividend is 3.55p with a proposed final of 2.49p.

Carborundum Abrasives ahead

Carborundum Abrasives lifted pre-tax profits 22 per cent from £1.9m to £2.33m in 1986.

The company, which has its shares traded on the over-the-counter market made by Granville, is recommending a 5.2p final dividend, to raise the total from 6.4p to 7.8p. Earnings per share were 23p (20.7p).

Turnover improved by 13 per cent to £51.93m (£45.97m).

Mr T. A. Egan, the chairman, said the year was one of progress in the development and expansion of the group, highlighted by the acquisition in June of Poly-Bauelemente. Its results for the six months to December were included in the group figures, and were in line with expectations.

Ta took £886,000 (£624,000).

Sharna Ware to raise £1m

Sharna Ware, toymaker and cash and carry wholesaler, slipped further into the red in 1986 when it increased pre-tax losses from £295,185 to £491,953 on turnover down from £30.59m to £25.69m.

At the same time it revealed that it had signed a conditional agreement for J. O. Hambro Investments (JohII), a wholly-owned subsidiary of J. O. Hambro, to subscribe for a total of 1.695m new ordinary shares—29.99 per cent of the enlarged share capital — which would raise £1.07m.

The directors said that the subscription would allow the group to consider new opportunities and they believed that while recent years had been difficult, the group would now be well placed for profitable growth

The directors said that Sharna Ware had decided to close the loss-making cash and carry division as soon as possible in order to minimise future trading losses. It had agreed in January to sell its Stockport business for £1.75m

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Bowaters	6†	—	5.5	10	9.25
Bray Technologies	2.35§	—	2	3.45	3
British Dredging	3	May 22	2	4	3
Brixton Estate	3.9	—	3.35	6.5	5.65
Carburundum	5.2§	—	—	7.8	6.4
Cussins Property	4	July 1	3.6	6.6	6
Erith	3	June 1	2.2	4.3	3.3
Finlay Pks	2.75	June 16	2.5	3.5	3.25
Matthew Hall	3.5†	July 1	3.0	5.25	4.5
Higgs and Hill	9.5†	June 11	8.6	15	13.6
S. Jerome	3	—	2.17*	4.3	3*
John Kent int‡	0.6†	—	0.5	—	1.75
Lamont Holdings	4†	July 1	3.3	5.5	4.5
Lodge Care	2‡	—	—	2	—
Magnolia	2.75	—	2.6	4	3.35
M6 Cash & Carry	2.49‡	May 29	—	3.55	—
Sharna Ware	nil	—	1.55	nil	2.45
Therne Hldgs	1¶	—	—	1	—
Wardle Storeys int	2.5	—	2	—	6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third Market stock.

Public Works Loan Board rates

Effective April 8

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	9¾	—	—	10½
Over 1, up to 2	9¼	9½	9½	10¼	10½	9¾
Over 2, up to 3	9½	9½	9½	10¼	10½	9¾
Over 3, up to 4	9½	9½	9½	10¼	10¼	9¾
Over 4, up to 5	9½	9½	9	10¼	10¼	9¾
Over 5, up to 6	9½	9½	9½	9¾	9¾	9¾
Over 6, up to 7	9½	9	9½	9¾	9¾	9¾
Over 7, up to 8	9	9	9½	9½	9½	9¾
Over 8, up to 9	9	9	9½	9½	9½	9¾
Over 9, up to 10	9	9½	9½	9½	9½	9¾
Over 10, up to 15	9¼	9½	9½	9½	9¾	9¾
Over 15, up to 25	9½	9½	9¾	9¾	9¾	9¾
Over 25	9½	9½	9¾	9¾	9¾	9¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Lamont rises to £6.22m and looks for acquisitions

Lamont Holdings, the textile group which also has engineering interests, lifted pre-tax profits by more than 34 per cent from £4.62m to £6.22m in 1986, a year which Sir Desmond Lorimer, chairman, described as the most eventful in the history of the group. Turnover rose substantially to £70.22m (£46.58m).

Shareholders would benefit from the improved performance through a proposed final dividend of 4p (3.3p), making a total of 5.5p (4.5p) for the year.

Sir Desmond reported that the group's textile division now contributed more than 85 per cent of turnover and 80 per cent of trading profit.

The group's carpet manufacturing interests had been taken into a new league both in turnover and technology by Lamont's acquisition of Shaw Carpets in May and the group was now the third largest carpet manufacturer in the UK. Shaw had contributed for seven months to the results but Sir Desmond stated that there were still many changes required at Shaw, principally in product range and design, but also in production and management organisation.

He said that the group's other carpet manufacturing company, Northern Ireland Carpets, had had another exceptionally good year.

The company was expecting a further acquisition during the current year. It had four or five carpet companies in mind but had yet to start negotiations. However, Sir Desmond said that prices for privately-owned companies had gone to haywire levels. Any acquisition this year would probably be at the top end of the market to complement existing ranges.

He added that Lamont hoped to move into the contract carpeting field to provide Shaw with further outlets for its products, either by acquisition or by expansion.

He said that the group's other carpet manufacturing company, Northern Ireland Carpets, had had another exceptionally good year.

Lamont's other textile interests, which comprised fabric weaving and converting, yarn spinning and extrusion, and yarn bleaching and dyeing, as a whole had had another excellent year.

Sir Desmond stated that the engineering division had suffered a slight fall in overall profit; the computing and software division had had mixed results; the property division had continued its steady performance; and Lamont Life Assurance had been sold in January 1987, creating a profit of £260,000.

Sir Desmond revealed that the computer division could well be sold this year: there were losses on the software side which should be corrected as new products reached the US market in the current year but as a stand-alone division it would be ripe for disposal at "well in excess" of its £1m book value.

However, he stressed that there were no plans to dispose of the engineering division, which continued to make profits.

"This year has started extremely well," Sir Desmond added. "We're well ahead of our budgets and we've good order books."

Tax charges accounted for £1.34m (£823,000), after which earnings worked through at 22.26p, up from 19.02p last time.

● comment

After a brief flirtation with dreams of becoming a mini-conglomerate, Lamont is shedding some of its peripheral activities and concentrating on what it knows best—textiles. With only two directors, the group is not the most obvious candidate to bring management expertise to new acquisitions but despite the initial dent of a £118,000 loss in the first half, Shaw Carpets seems to have benefited from the Lamont touch and looks to be headed for a £2.5m contribution this year. A further acquisition, probably of a top-range carpet manufacturer, looks probable this year. Although the strengthening pound might hold back profits in the rest of the group, the benefits of increased capacity at B. H. McCleery should start to flow in the second half and the result will be pre-tax profits pushed up to £8.2m. Northern Irish companies might not have a go-ahead profile on the market, but the prospective p/e of around 10 on 270p is hardly demanding.

Finlay Packaging moves up to £0.97m

Finlay Packaging, colour printer and converter of paper and board into packaging material, increased its 1986 profits from £830,000 to £973,000 pre-tax. Turnover slipped from £9.02m to £8.88m.

The profits were bolstered by a £56,000 improvement in interest income. Interest charges were a same-again £9,000.

Tax of £344,000 (£328,000) left available profits £127,000 ahead at £629,000, equal to 7.33p (5.85p) per 5p stock unit.

A final dividend of 2.75p raises the total from 3.25p to 3.5p net. Payment will absorb £300,000 (£279,000) and leave a retained balance of £329,000 (£223,000).

At the end of March sales had been maintained at the 1986 level.

Astra suspended

Temporary suspension of listing in Astra Holdings ordinary shares was granted yesterday at the company's request. Astra is in discussions which may result in a major acquisition.

Matthew Hall lifts profits by 12%

Matthew Hall, engineering designer and contractor, was well in line with market expectations yesterday with pre-tax profits for 1986 up 12 per cent from £16.06m to £18.02m.

The oil, gas and chemical sector showed a marginal decline in trading profits—£48,000 down at £6.75m. There was over £1.1m more from the mechanical and electrical division at £6.7m and design and construction more than doubled from £636,000 to £1.28m. There was a turnround from a loss of over £1m to a profit of £904,000 in the mining and minerals division.

The directors stated that firm workloads as the company entered 1987 were lower than in the previous year, primarily due to there being no major new tendering opportunities during 1986 from the UK offshore oil industry. Costs in the relevant business had been brought into line to accommodate the current activity level.

The more stable recent oil price provided an improved climate in the industry and the company believed that several offshore projects would proceed later this year. There were also very good prospects onshore in oil refining and encouraging activities in the pharmaceutical, food, chemical and nuclear industries.

The directors said that the mechanical and electrical sector was developing further its maintenance business. Workloads were at a satisfactory level and there were indications of opportunities to achieve improved margins in some activities.

The company was planning to establish a more significant presence in the US. It was examining other potential areas for profitable investment in that important market, where earnings in the near term would benefit from available tax relief.

Interest receivable had shown a decline, down £4.11m to £2.42m, due to lower average interest rates during the year and to increased demand for working capital by the group's core businesses. Net liquid funds at end-1986, nevertheless amounted to £15m.

The tax charge for 1986 was £1m lower, down from £6.56m to £5.58m, and there was a debit of £1,000 for outside shareholders' interests (£6,000 credit). After an extraordinary debit of £1.28m (nil) which included cost of closure of certain US and UK operations less tax charge, attributable profits were £10.75m (£9.5m) giving earnings per share of 15.57p (13.28p).

The dividend is raised from 4.5p to 5.25p with a proposed final payment of 3.5p (3.0p).

● comment

After one year under a new management team, Matthew Hall is showing gains mainly from loss elimination especially in the mining division (although on a longer-term view this remains a dull prospect). Oil, gas and chemicals trod water — although less of it was of the North Sea kind than before. The success story was the mechanical and electrical division and it should be no surprise if Hall seeks to build on this by acquiring (for cash) a significant-sized US company in the coming year. The purse contains some £35m with a US deal taking priority over building up the UK landbank. However, this would not be Hall's long-awaited new leg — this, if it occurs at all, will be in the UK where shares can be used as the consideration. The outlook for 1987 is a little flat, the lower present order book suggests only 10 per cent growth to £20m pre-tax as the £15m remains of the cash pile seems certain to be depleted one way or the other. Until the 1988 picture (pension surplus included) takes shape the main hope for the shares, down 3p at 194p, lies in the market's conviction that the sector is rich in bid-targets.

COMPANY NEWS IN BRIEF

LODGE CAR (USM-quoted nursing home operator): Final 2p as forecast for 1986. Pre-tax profits £581,733 (£405,510) on turnover of £3.38m (£2.58m). Tax £195,335 (£181,800). Earnings per share 6.2p (4.4p). Extraordinary debit last time £25,125. Two more homes have been bought since January and the company is negotiating a further purchase.

PICT PETROLEUM: In response to the recent rights acceptances were received in respect of 4,294,893 new "B" ordinary shares (approximately 84.4 per cent of the issue). The remaining 789,721 shares have been taken up by the underwriters.

CHINA & EASTERN Investment Company, which invests in companies with business involvements in China, had a net asset value per 50 cent share of $1.88 at end-January 1987, compared with $0.97 a year earlier. Gross revenue for the six months to January 31 amounted to $1.05m (£650,000) against $705.903 for the longer period from July 12 1985 to end-January 1986.

REEBOK International, 36.9 per cent-owned US associate of Pentland Industries, has bought Avia Group International, a designer and marketer of footwear, for about $180m (£112.5m). Both Reebok and Avia have been named in lawsuits brought by cetrain Avia stockholders challenging the transaction and claiming damages.

Fletcher King purchases estate agent for £2.8m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Fletcher King, the second company of chartered surveyors and commercial estate agents to seek a London listing, is to take-over Peter Hunter, London estate agents specialising in retail property.

The takeover, which values Peter Hunter at £2.8m, is being made two-thirds with Fletcher King paper, and one-third with cash coming from a rapidly effected placement of Fletcher King shares, it was announced yesterday.

Fletcher King has thus moved rapidly to exploit the financial flexibility that came from the Stock Exchange quotation it gained last November.

But the move is also part of the wider process of change taking place among chartered surveyors as the lines between them, and the previously exclusive financial services sector, become more blurred. It strengthens Fletcher King's position in a sector of the property market where margins can be high.

As part of the same process, Baker Harris Saunders, the first company of commercial agents to take a market quotation, has just recruited Mr Michael Dix from Morgan Grenfell Laurie to head a new financial services department. And in a move of the reverse direction, Woolgate Property Finance has recruited chartered surveyors.

The market, generally, approved the Fletcher King move, pushing the shares up 4p yesterday to 210p in the immediate aftermath of the acquisition announcement.

To make the acquisition, Fletcher King is issuing a maximum of 1.37m ordinary shares. Of these, 458,115 have been placed by Lazard Brothers at 192p a share to provide the cash element of the deal with Peter Hunter.

Peter Hunter, meanwhile, has agreed not to dispose of the balance of the shares issued until after April 1988.

The immediate effect of the takeover will be to triple Fletcher King's agency income from the retail sector. Peter Hunter had fee income in the year to April 1986 of £674,000.

Fletcher King, which at the time of its November issue said that pre-tax profits for the year to April 1987 would be not less than £1.15m, is now saying that profits, without any contribution from Peter Hunter will, in fact, exceed that figure.

Higgs and Hill gains from acquisitions and hits £12m

MR BRIAN HILL, chairman and chief executive of Higgs and Hill, the construction, property and housebuilding group, yesterday revealed that profits for 1986 had risen to a record £12.19m at the pre-tax level.

He said that improvement stemmed partly from strong organic growth and partly from acquisition.

The figures, which compare with 1985's restated £10.84m, include those of the Southend Estates Group (SEG) for nine months (12 months) under merger accounting rules.

The exclusion from the 1986 results of profits of £562,000 earned by SEG between April 1 and August 21, the date the group was acquired, would give adjusted profits of £11.63m, a 36 per cent improvement of 1985's published figures of £8.58m.

Mr Hill said the acquisition of SEG had been an important strategic step. It had effectively doubled the size and geographical spread of the group's housing activities, acquired a substantial land bank and added to Higgs and Hill's property investment portfolio.

He added that the main benefits from SEG would start to flow during the current year as part of the enlarged housebuilding operation.

Group turnover for 1986 pushed ahead from £206.26m to £238.83m. Tax accounted for £5.09m (£4.05m) to leave net profits at £7.09m (£6.79m). Tax was an effective 41.8 per cent compared with 36.25 per cent basic.

Minorities took £19,000 (added £8,000) and extraordinary items £175,000 (£790,000 credits). The available surplus worked through at £6.94m (£7.57m).

Earnings per 25p share, pre-extraordinary items, amounted to 47.5p (41.8p). A final dividend of 9.5p lifts the total from 13.6p to 15p net. A scrip issue on a one-for-one basis is also proposed.

During 1986 group turnover in UK construction showed a substantial increase. Although the market remains very competitive, current demand indicates that 1987 will show a further increase in workload for both the building and management contracting companies.

Overseas construction also had a successful year. Obtaining overseas orders, however, remains difficult.

The homes division enjoyed good demand for its products, particularly in the south-east. Mr Hill believed demand in the now enlarged area of group operations would continue strong over the next few years. The trend towards lower interest rates would also help.

The property division had a successful year as did the established property development division in France.

Brian Hill, chairman and chief executive, Higgs and Hill

● **comment**

Higgs and Hill kept a few calculators busy yesterday as analysts tried to work their way through the merger accounting of SEG and make an (unguided) judgement of the importance of the final payment on the £80m Trinidad project, the company's largest. However, this should not muddy an almost 35 per cent organic rise in profits. With the addition of SEG the group is now well-balanced on three fronts of which two, property development and housing (and this mainly in the rapidly expanding commuter belt of East Anglia and Essex), currently enjoy much higher ratings than pure construction. The Royal Mint development should come through this year and even if rental income slips a little from the £1.4m of 1986, a full year of SEG (500 housing completions are likely) plus a good general workload will do much more than make this up. Forecasts of £15m put the shares at 625p on a p/e of 11, bang on the sector average — Higgs and Hill should be worth a point more.

Erith ahead and strong growth is expected

By John Murrell

THE RECOVERY achieved by Erith during the first six months of 1986 continued through the second half and enabled the Hertfordshire-based builders' merchant to raise its full year profits from a depressed £1.74m to a record £2.94m pre-tax.

The dividend for the year is being stepped up by 1p to 4.3p net via a final of 3p.

Mr Bob Erith, deputy chairman, said there had been a broadly based recovery in all construction activity.

Trading in the current year began on a favourable note and a further strong profits advance is expected for 1987 and again in 1988.

For 1987, a figure in excess of £3.6m is being looked for by analysts and with shareholders in mind a further increase in the dividend is also on the cards.

Turnover for 1986 improved from £51.17m to £59.33m. Pre-tax profits were struck after taking account of depreciation of £585,000 (£614,000) and interest charges of £227,000 (£383,000).

Tax accounted for £799,000 (£369,000) to leave net profits at £2.14m (£1.37m), equal to 11.06p (7.09p) per 25p share.

Despite the bigger dividend, sufficient cover would be maintained to finance further growth of the group. Retained profits worked through £360,000 ahead at £1.31m.

Contracts have been entered into for additional land to extend certain existing branches and progress was being made for the acquisition of sites for new branches in London and the south-east. A new depot in London's docklands is planned.

A depot closure last year cost Erith around £100,000.

British Dredging plans further growth after £3m cash injection

British Dredging, a ship repairer and supplier of building materials, yesterday revealed unchanged pre-tax profits of £1.65m for 1986; an injection of more than £3m to lift cash resources to about £9m; and a three-year pensions holiday which would boost pre-tax profits by £140,000 each year. Its shares closed up 8p at 128p.

Group turnover moved ahead from £9m to £10.56m and operating profits fell slightly from £1.29m to £1.2m.

The proposed final dividend is raised to 3p compared with 2p last time, making a total of 4p (3p) for the year.

Mr Fane Vernon, chairman, said that by an agreement dated June 17 1986 the company was due to receive £3.03m conditional upon the County of South Glamorgan (Taff Crossing Bill) receiving Royal Assent, which was expected in July 1987.

Under the terms of the agreement British Dredging would vacate its property at Ferry Wharf, Cardiff, and transfer its freehold interest to the Council. The total to be received comprises compensation for the sale, loss of goodwill, dismantling of facilities, and relocation expenses.

Mr Vernon said that the company's policy was to continue its growth from its strong base with its large cash resources. It was in the course of negotiations to invest a substantial proportion of that cash in profitable new ventures.

Meanwhile the group was showing a strong advance in profits in the first three months of 1987.

A welcome feature of 1986 had been the strong performance from the group's ship repairing activities, with operating profits of £140,000. Overall group profits would have shown further progress, but for a breakdown of one of the company's dredgers.

Tax charges fell to £330,000 (£584,000) and extraordinary credit of £1.59m (£152,000) comprised the profits less tax on the sale last November of the company's interest in Bristol Sand and Gravel. Earnings per share worked through at 7.64p (6.2p).

M & G gives public support for Avana

BY NIKKI TAIT

M & G, Britain's largest unit trust group, has come out in public support of Avana, the Welsh food company which is contesting a £280m bid from Ranks Hovis McDougall.

"As things stand at the moment, we are supporting Avana and see no merit in accepting the RHM bid," commented the unit trust group.

M&G is renowned for its support of incumbent managements, and holds around 2 per cent of Avana's shares. However, stockbrokers Laurence Prust, who are advising Abu Dhabi Investment Authority—holders of a more chunky 6.9 per cent stake—said their client would not make a decision until the last minute, and would only accept if Ranks' success looked inevitable.

Dr Randall, chairman of Avana, stressed yesterday that the company will continue to contest Ranks' offer, despite the abortive weekend talks with a potential third party and the large stake which Ranks has picked up in its target.

Yesterday, RHM's advisers, Morgan Grenfell, announced that this has increased to 31.77 per cent.

Meanwhile, queries by Avana's bankers, County, to the Takeover Panel, suggesting that the purchase of shares by Australian group Goodman Fielder in RHM, could constitute a concert party, have been dismissed.

Cussins Property raising £4m

Cussins Property Group, Newcastle upon Tyne-based commercial and residential builder is raising about £4m with a placing of 1.43 shares at 290p each.

The company also announced yesterday a rise from £1.37m to £1.4m in pre-tax profits for 1986 on turnover up 19 per cent to a record £8.06m (£6.75m).

The directors are recommending an improved final dividend of 4p (3.6p), to increase the total by 16 per cent to 6.6p. Earnings per 20p share moved ahead from 20.73p to 23.27p.

Mr Peter Cussins, the chairman, said the company had continued to consolidate its position as a leading housebuilder in the North East while exploring opportunities on the commercial front in the South. The record residential sales, forecast at the interim stage, had been achieved and there had been an excellent contribution from commercial property disposals. For the first time rental income had exceeded £1m.

The property portfolio had increased from £19m to £22m, and he said the directors continued to concentrate on building up the asset base.

The proceeds of the placing would be used to help build up the asset base by reducing borrowings, thereby decreasing interest charges. The new shares had been placed conditionally with investment clients of Capel-Cure Myers, but under terms of the open offer would be available to shareholders.

The chairman added that the company's joint venture with Throgmorton Trust was in the course of being renamed Cussins Green Properties to strengthen its identity and form a link with its major shareholders. Four prime sites were being acquired in the south of England.

Interest charges for the year rose from £892,000 to £965,000 and the pre-tax result was after a £14,000 (nil) contribution from its associated company.

Tax was down from £234,000 to £95,000, and after dividends there were retained profits of £946,000 (£875,000).

Epwin valuation at £22m

BY PHILIP COGGAN

Epwin Group, the PVC replacement window manufacturer, has revealed full details of its Unlisted Securities Market flotation. Exactly 3.15m shares, around 22.3 per cent of the enlarged equity, are being placed at 155p, giving the group a market capitalisation of just under £22m, higher than the original estimates of £18m.

Based on last year's pre-tax profits of £1.83m on turnover of £23.9m, the shares are on a p/e of just over 15. Had the shares been on the USM in 1986, the directors would have expected to recommend a total net dividend of 4p, representing a gross yield of around 3.5 per cent.

Epwin was founded in 1976 by Mr Jim Rawson, the chairman, and along with his joint managing director Mr John Mayoh, he retains a combined stake of just over 66 per cent of the equity. Proceeds from the sale of the 1.65m new shares on offer will help towards the establishment of a new £7m plastics extrusion plant in Telford.

Brokers to the issue are Cazenove and dealings are expected to begin on April 15.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
3rd qtr.	108.2	103.9	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	103.6	106	116.7	177.7	3,122	163.2
1986							
1st qtr.	108.1	102.5	105	118.2	145.4	3,171	166.5
2nd qtr.	109.2	103.5	104	120.6	152.7	3,206	175.6
3rd qtr.	110.6	104.6	106	122.1	157.4	3,212	200.2
4th qtr.	109.6	106.0	112	124.8	192.5	3,143	213.0
August	111.1	104.2	105	122.0	155.2	3,219	201.1
September	110.6	105.1	109	123.2	158.7	3,193	206.4
October	110.0	105.5	107	123.2	164.7	3,166	212.8
November	110.1	106.1	108	126.4	182.1	3,145	215.2
December	109.4	106.3	121	125.0	223.2	3,119	210.0
1987							
January	108.8	103.9		122.3	157.4	3,118	210.3
February				125.0	153.4	3,074	207.1

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
4th qtr.	103.7	102.7	113.5	103.2	114.0	102.4	15.6
1986							
1st qtr.	102.0	101.2	115.4	101.4	110.3	102.7	14.2
2nd qtr.	104.5	100.5	115.4	102.0	110.0	103.5	19.6
3rd qtr.	105.3	101.1	117.2	103.0	107.6	101.3	18.9
4th qtr.	106.6	102.1	115.0	104.9	115.7	101.9	15.3
August	106.1	100.1	118.5	102.0	107.0	102.0	16.6
September	106.0	101.8	116.7	104.0	107.9	102.0	19.4
October	105.7	102.3	115.7	104.0	113.0	103.0	19.3
November	107.8	101.7	115.2	105.0	117.0	103.0	15.6
December	106.2	102.2	114.2	106.0	118.6	100.0	10.7
1987							
January	105.2	100.7	116.0	104.0	116.0	100.6	12.3
February							17.6

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1986							
1st qtr.	117.5	124.9	−1,227	+882	+1,800	101.0	18.75
2nd qtr.	121.9	128.8	−1,551	− 94	+772	102.6	19.20
3rd qtr.	122.6	138.5	−2,573	−931	+646	103.1	20.14
4th qtr.	130.5	143.4	−2,602	−756	+846	100.8	21.97
August	115.9	139.9	−1,383	−735	+159	103.8	18.93
September	136.2	139.3	−831	−184	+258	102.3	22.43
October	127.0	139.6	−715	−100	+238	101.5	21.99
November	132.8	146.7	−1,000	−384	+354	100.9	22.01
December	131.6	143.9	−887	−272	+286	100.1	21.92
1987							
1st qtr.							22.79
January	125.0	130.9	−527	+ 73	+371	100.2	21.95
February	137.8	137.5	−224	+376	+326	98.4	22.26
March							24.15

FINANCIAL—Money supply M0, M1 and sterling M3 (three months' growth at annual rate), bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
4th qtr.	2.9	17.0	13.9	+5,378	2,209	3,436	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,303	2,220	7,375	11.50
2nd qtr.	3.1	25.9	27.3	+6,455	1,433	7,739	10.00
3rd qtr.	5.9	30.3	15.4	+6,949	188	8,223	10.00
4th qtr.	7.6	15.3	14.1	+10,545	2,814	8,178	11.00
August	5.7	22.0	8.2	+2,752	452	2,668	10.00
September	6.6	24.3	17.8	+851	−671	2,570	10.00
October	6.2	19.1	14.5	+3,530	1,951	2,759	11.00
November	6.4	28.4	19.0	+3,847	169	2,635	11.00
December	10.1	0.6	9.1	+3,168	703	2,784	11.00
1987							
January	7.7	17.7	12.8	+1,697	456	2,695	11.00
February	8.1	10.2	17.1	+2,912	472	2,948	11.00
March							10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	142.4	380.8	343.3	1,813	75.1
2nd qtr.	184.0	125.8	145.7	385.7	349.5	1,453	76.1
3rd qtr.	187.4	120.8	146.3	386.1	348.1	1,544	71.9
4th qtr.	191.0	127.4	147.4	391.0	348.2	1,637	68.2
August	187.2	120.3	146.3	385.9	348.6	1,461	71.4
September	186.8	122.4	146.7	387.8	348.3	1,544	70.4
October	188.3	124.3	147.0	388.4	347.6	1,600	67.8
November	191.2	127.5	147.4	391.7	347.5	1,617	68.5
December	193.4	130.4	147.9	393.0	349.8	1,637	68.4
1987							
1st qtr						1,577	69.9
January	190.4	131.8	148.8	394.5	354.0	1,604	68.8
February		129.5	149.3	396.1		1,586	69.8
March						1,541	71.9

* Not seasonally adjusted.
† From January 1986 includes amounts outstanding on credit cards.

مكبرة من الأصل

UK COMPANY NEWS

Jerome boosts profit by 57%

S. Jerome and Sons (Holdings), textile and electronic group, established further records in 1986 with pre-tax profits 57 per cent up from £831,000 to £1.31m.

The directors said that future prosperity of the group looked very encouraging with the value of orders to be delivered at the start of the new financial year, 28 per cent up on the equivalent period last year.

The textile divisions were all running at maximum plant capacity and the low value of the pound relative to European currencies was discouraging imports and should be helpful in encouraging exports to Europe.

The company is to spend £1m on new high speed machines which would represent the first new in-house weaving expansion since 1974 and in addition £100,000 had been committed to sophisticated colour computerised technology.

The directors said that the confidence shown in CMR Electronics had been fully justified with an increase from £90,000 to £142,000 in profitability. This trend was expected to continue in 1987.

Turnover in textiles rose from £15.1m to £16.2m and that of the electronics division from £3.39m to £3.87m. Operating profits of the two divisions before interest were £1.43m and £142,000 respectively. Interest charges were £225,000 (£386,000) and £42,000 (nil) was allocated to the profit sharing scheme.

Tax rose from £212,000 to £390,000 last year but there were no extraordinary items (debit £315,000) leaving attributable profits of £916,000 (£304,000) for earnings per 25p share of 15.84p (10.7p).

A final dividend of 3p (2.17p equivalent) makes a total of 4.3p (3p).

John Kent rises £0.24m

John Kent, USM menswear retailer, increased its pre-tax profits to £641,000 in the 26 weeks to January 24, 1987 compared with £402,000 in the 26 weeks to November 23, 1985. Turnover moved ahead from £6.77m to £8.93m.

Operating profit of £678,000 (£398,000) was struck after crediting profit of £30,000 on sale of assets; credit of £266,000 (nil) on the refinancing of leases; and costs of £178,000 (nil) on retail rationalisation.

After tax of £192,000 (£161,000), earnings worked through at 3.74p—up from an adjusted figure of 2.34p last time. The interim dividend is lifted from 0.5p to 0.6p on the enlarged share capital.

Theme Holdings improves to £0.4m

By Philip Coggan

Theme Holdings, the leisure group which was one of the first companies on the Third Market, increased pretax profits by 28 per cent in the year to October 31, 1986.

The group runs a series of restaurants including Coconut Grove and Fatso's Pasta Joint and the temporarily-closed Peppermint Park, which sold the lease on its site for £750,000 last week.

Since the year end, the group has acquired Leisure Development which owns and operates Ragdale Hall Health Hydro and Ragdale Health Club.

In the past year, the restuarants traded strongly but the performance of the public houses was disappointing.

Operating profits increased to £396,000 (£308,000) on turnover of £4.09m (£3.06m), and after property profits of £74,000 (nil), associated company losses of £26,000 (£1,000 profit) and interest payable of £37,000 (£14,000 receivable) pre-tax profits were £407,000 (£323,000).

Earnings per share were 2.6p (2p) and the final dividend is being set at 1p (nil).

Acquisitions boost for Hollis

Hollis the vehicle for Mr Robert Maxwell's expansion into engineering announced 1986 pre-tax profits of £3.61m, compared to £770,000 in 1985 before it set out aggressively on the aquisitions trail. And it returned to the dividend list with a single final of 1p.

The company said the strong 1986 performance was due principally to the inclusion of a full year's results from the Solicitors' Law stationery acquisition (six months in 1985) and four months' contributions from its acquisitions of various of Mr Maxwell's Pergamon interests. There had been "substantially improved profits well in excess of those expected from both Solicitors' Law and the Pergamon acquisitions.

Hollis also announced that Mr Maxwell's son, Mr Kevin Maxwell, had been appointed executive deputy chairman and Sir John Collyear, former chairman of AE had joined the board as a non-executive director and would be playing a major role in the further expansion of the engineering businesses.

Hollis made an unsuccessful agreed bid for AE last year but lost out to Turner & Newall's rival, hostile offer.

Mr Robert Maxwell said excellent performances from all the group's business activities, with the exception of the furniture division, had made 1986 an outstanding year.

Turnover improved from £52.4m to £84.95m and earnings per 24p share rose to 4.2p

Directors said that current sales on an annualised basis were about £250m. Group order books wre at an encouraging level and trading results for the first quarter were well ahead of last year.

That, together with steps under consideration by the board, should lead to virtual elimination of group borrowings.

The directors were convinced that further substantial progress was being made towards the objective of achieving sales of £650m over the next four years with earnings per share to match.

There were net extraordinary debits of £940,000 (£290,000) representing the cost of the failed bid for AE, and closure costs.

Beecham Products chairman

Mr John Hunter has been appointed to the new post of chairman, BEECHAM PRODUCTS—Europe and International—with responsibility for all the group's consumer products operations, excluding those in the Americas and Italy. He will become a member of the group's executive committee. He has been a main board director and chairman of the food and drink division since 1984 and chairman of Beecham Products international division since 1986.

★

A reorganisation of STEWARTS AND LLOYDS PLASTICS' management team has created two new directorships. Mr Peter Wright has been appointed production director while Mr Graham Wright has stepped up to sales and marketing director. Mr John Denning has become technical director.

★

At W. & F. C. BONHAM & SONS Mr Paul Whitfield and Mr Christopher Elwes have been appointed to the boards of Bonhams and its parent company Moutpelier Properties. Mr Nicholas Bonham and Mr Whitfield have been appointed as joint deputy chairmen of Bonhams while Mr Elwes becomes managing director in succession to Mr Bonham.

★

Mr Kenneth Horne has been appointed president and Sir Kenneth Berrill chairman of ROBERT HORNE GROUP. Mr William Musgrove becomes vice chairman and Mr Christopher Davenport is the newly appointed joint managing director. Ms Julie Davenport, Mr Horne's eldest daughter, has joined the board.

Libra Bank makes changes

LIBRA BANK has made the following appointments and promotions: Mr Roger J. Freeman becomes general manager—merchant banking and Mr Phillip M. Harvey has been promoted to deputy general manager with responsibility for asset trading. Mr Michael J. Wood has been promoted to deputy general manager—credit and asset management and Mr Jonas S. Lindholm has been promoted to deputy general manager—banking. In New York, Mr Hans C. Vitzthum — general manager, North America, takes over responsibility for merchant banking in that area.

APPOINTMENTS

Redland managing directors

From June 15 Mr Robert Napier and Mr Tim Walker will become managing directors of REDLAND in succession to Mr David Lyon, who is leaving to become chief executive of Bowater Industries. Mr Napier will be responsible for international business, and Mr Walker will have charge of the domestic businesses, aggregates, bricks, roofing and fuel distribution.

★

Mr Adrian Flynn has been appointed to the board of Brush Fusegear as director and general manager; Mr Alan Permain joins the board of Brush Electrical Machines as director in charge, control gear division; and Mr Ian Meudell becomes manufacturing director of Westinghouse Davenset Rectifiers. All are HAWKER SIDDELEY GROUP companies.

Rank Xerox board posts

RANK XEROX has appointed to its international board of directors Mr Bernard Fournier, general manager and chairman of Rank Xerox, France, and Mr David Myerscough, director of marketing of Rank Xerox. They take the places previously held by Mr Jack Thomas, who has retired, and Mr Bryan Nicholson.

★

Mr Peter Woolsey has been appointed pensions manager of the GRESHAM GROUP. He joins from UK Provident where he was group pensions manager.

★

The following appointments have been made to the board of HILLE ERGONOM. Mr Alex Lattimer, sales and marketing; Mr Dennis Kilbey, finance and administration and Mr Colin Aitkenhead, manufacturing.

★

RESERVE ASSET MANAGERS has appointed Mr Anthony John Norris as a director.

★

HEBRON AND MEDLOCK ENGINEERING has appointed Mr A. Soames as managing director.

★

Mr Lars "Chip" Skagerlind has been appointed sales and marketing director of BOXALL from May 2.

★

At COVENTRY CABLE TELEVISION Mr John Ross-Barnard, chief executive will be leaving after Easter to concentrate on the development of new programme services for cable and satellite television throughout Europe. Mr Malcolm Arnold, with Coventry Cable Television since its inception, will be appointed acting chief executive. Mr Arnold was responsible for the construction of the cable television network in the city.

★

Mr Gareth Wokes and Mr Hugh Woodsend have been appointed to the board of COMMSLOGIC, Mr Wokes as sales director, Mr Woodsend as technical director.

★

Mr Brian Ward, has been appointed director of ELEGANT DAYS (MIDLANDS) Caslte Donnington. He was with British Midland.

★

Mr Robert Erith, chairman of Savory Milln, and Dr Norman Wooding, retiring deputy chairman of Courtaulds, have been appointed non-executive directors of THE ROYAL LONDON MUTUAL INSURANCE SOCIETY. Mr Peter Taylor has retired from the board.

★

Mr Peter Scott has joined WILLETT INTERNATIONAL as director of finance and management services. He was with Boart International, part of the Anglo American Corporation of South Africa.

★

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND has elected Mr Norman Lessels as president for 1977-88.

Noble Lowndes chief executive

Mr Karl Daniels has been appointed chief executive of NOBLE LOWNDES. He was managing director, corporate services worldwide. He succeeds Mr Brian Shenton who has retired. Noble Lowndes is part of Hill Samuel Group.

Mr David Rippe has been appointed group treasurer and Mr Andrew Paxton group financial controller of CLYDE PETROLEUM.

★

The RANK ORGANISATION has appointed Mr Anthony Harding as director of development of the hotels and catering division, and Mr John Lintern as sales and marketing controller of Rank Hotels. Mr Harding has been director of sales and marketing of Rank Hotels for the past five years.

★

Mr Alistair Muir has joined BHRA, the Fluid Engineering Centre as company secretary and general manager (finance). He was with ICI.

★

Mr Alexander Ferry has become a non-executive member of the SOUTH EASTERN ELECTRICITY BOARD for three years from April 6. He is general secretary of the Confederation of Shipbuilding and Engineering Unions.

★

Mr Paul Greatbatch, formerly a senior equity specialist with Dean Witter Reynolds Inc in London, has joined E. F. HUTTON INTERNATIONAL ASSOCIATES. EFHIA, based in New York, has affiliates in London and Geneva.

★

Mr John Ellis has been appointed a director of HILL SAMUEL PENSIONS INVESTMENT MANAGEMENT.

★

The BSS GROUP has appointed Mr Roger Fuggle to the board. He was marketing director of the main distribution compan

★

Sir Peter Harrop, former second permanent secretary at the Deparment of the Environment, has been appointed a non-executive director of THE NATIONAL HOME LOANS CORP.

★

Mr Paul Hughes, formerly director of finance at the BBC, has been appointed a director of RAEBURN INVESTMENT TRUST and Romney Trust, investment trusts managed by Lazard Investors. He replaces Mr William Clarke, who has retired from both boards.

★

Mr J. E. Winnington-Ingram, managing director of Mail Newspapers and a main board director of Associated Newspapers Holdings, has been appointed a non-executive director on the board of the NAVY, ARMY, AIR FORCE INSTITUTES, HM Forces' official trading organisation.

★

DANFOSS has appointed Mr Brian Atkinson as managing director following the retirement of John Wisdom.

★

Mr Hamdi Mitwalli has been appointed financial controller for the INTER-CONTINENTAL CORPORATION UK/Benelux and financial controller for the INTER-CONTINENTAL HOTEL, London. He previously held the position of financial controller at the Portman Inter-Continental Hotel.

★

Mr Francis Holmes, Mr Jeremy Clark and Mr Joe Woodcock have been appointed to the board of NATIONWIDE LEISURE following its recent acquisition by Inspectorate EaE. Mr Holmes is chief executive, and Mr Clark a director, of Inspectorate EaE.

★

At CHRISTIAN SALVESEN Mr Ronald A. B. Miller has become a non-executive director. He is chairman and chief executive of Dawson Intenrational and a director of Securities Trust of Scotland.

Resources chief at British Gas

Mr C. W. Brierley has been appointed managing director, resources and new business, at BRITISH GAS, and will be relinquishing his post as managing director, economic planning. Mr Brierley takes responsibility for hydrocarbon exploration and production, gas purchasing, gas supply planning, and supplies and transport. A further responsibility, arising from the status of British Gas as a private sector company, will be the development of additional business activities outside the core UK gas business.

★

Mr Thomas Pomeroy, formerly a director of Standard Chartered Merchant Bank, has joined YASUDA TRUST EUROPE as an executive director with responsibility for marketing.

★

Mr Mark Vaughan-Lee has been appointed a non-executive director of YORK TRUST He is chairman of American Electronic Components and American Business Systems.

★

Mr J. Michael Taylor has been appointed financial director of HICKSON INTERNATIONAL in succession to Mr George Ringwood, who will undertake special consultancy duties following his retirement from the Board on April 30.

★

Dr Simon Willder has resigned as a director of INTERNATIONAL SIGNAL & CONTROL GROUP and its UK subsidiaries. Mr Ian Ball has been appointed managing director of subsidiary company ISC Electronic Systems with responsibility for ISC UK operations. He joins from Ferranti where he has held a number of senior management posts including general management of two large divisions and directorships of a number of Ferranti subsidiaries.

Mobil Oil UK board promotions

MOBIL OIL COMPANY UK refining and marketing affiliate of Mobil Oil Corporation, has elected two new directors. Mr J. L. Schilansky becomes director, plans and programmes, succeeding Mr G. A. Atkinson. He relinquishes the post of manager, operations and analysis, Mobil Trading and Supply Corp. Mr A. B. Kelly, company legal adviser, also becomes a director.

★

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND have elected Mr Norman Lessels as president of the Institute for 1987-88.

★

FEDERATED PENSION SCHEMES has appointed Mr L. B. Akid chief executive and Mr D. R. Braithwaite has been promoted to general manager. Mr A. H Wilcock has left to pursue other interests.

★

INDEPENDENT TELEVISION NEWS has appointed Mr William Brown, Scottish Television's managing director, to its main board as one of the two directors representing the major regional ITV companies. Mr Brown previously served on the board of ITN between 1972 and 1977.

★

Mr A. C. D. Ingleby-Mackenzie has been appointed to the board of BROWN SHIPLEY HOLDINGS. He is also deputy chairman of the Brown Shipley Insurance Group.

★

Mr Jim Cox has joined SCHRODER INVESTMENT MANAGEMENT as an assistant director in international fund management.

BAA forms subsidiary

The group services division of BAA has become a subsidiary company and will be called British Airports Services. The following have been appointed to the board: Mr M. P. Maine, chairman and managing director; Mr T. L. G. Deuce, engineering; Mr M. A. Jones, personnel; Mr J. E. Kane, commercial; Mr D. N. Miller, business; and Mr C. A. Stansfield, financial. Mr J. Grice has been appointed as company secretary.

★

At HERBERT SMITH the following will join the partnership on May 1: in the company department Mr Dominic Clarke, Mr Trevor Turtle, Mr Michael Kingston, Ms Caroline Goodall and Mr Tim Bellis; in the litigation department Ms Tessa Mayhew, Mr Tim Parkes, Mr Martin Bakes, Mr John Sissons and Mr Robin Shute; in the property department Mr Simon Embley and Mr Roger Leyland. On April 30 Mr Peter Shirley will retire from the partnership to pursue interests outside the City and outside the legal profession.

★

WIMPEY-DUBILIER, the electrical and electronic components company of George Wimpey, has appointed Mr Brian T. Hewett marketing director.

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AMEV, a Netherlands-based international insurance and financial services group, has made appointments designed to strengthen the management of AMEV (UK) and promote closer co-operation between its UK operating companies, Gresham Assurance Group and Bishopsgate Insurance. Mr P. N. O. Robinson, Bishopsgate's chief executive, is appointed managing director of AMEV (UK) with responsibility for all AMEV activities in this country. He also becomes chairman of both Bishopsgate and Gresham Group. Mr S. H. Alfert continues as Gresham's chief executive, but is additionally appointed general manager (life and actuarial) of AMEV (UK). Three other AMEV (UK) appointments are also announced. Mr T. C. Brooks becomes general manager (finance), Mr M. H. Cranston general manager (information systems and services), and Mr C. S. Lewis general manager (sales and marketing). Mr Brooks and Mr Lewis, who are both Gresham directors, join the board of Bishopsgate, and Mr Cranston, a Bishopsgate director, joins the boards of the Gresham Group companies.

★

BRITISH SUGAR has appointed Mr Peter Jackson as executive director, personnel. He was director and general manager of the aftermarket and associated products division of Perkins Engines.

★

DOBSON PARK INDUSTRIES subsidiary Kango Wolf Power Tools, has appointed Mr M. Harrision as sales and marketing director, and Mr V. A. Lilly as technical director.

COMMODITIES AND AGRICULTURE

Carla Rapoport on the popular swing against protectionism

Change looms for Japan's farmers

JAPANESE AGRICULTURE — the target of increasingly bitter sniping from the US and Australia — is at last being dragged on to the central agenda for reform both inside and outside Japan.

That change is long overdue. Japan's agriculture is rooted in the past and heavily protected by Government subsidies, import restrictions and monopolistic co-operatives. Attitudes to agriculture are deeply engraved in the national psyche and until recently it seemed impossible to convince any Japanese that paying two, three or even eight times the world price for their food was wasteful or bad.

But things have started to change. Activists can be seen in Tokyo shopping plazas inviting people to try illegally imported US food and enjoy its good taste and low price. At the same time, the tempo of foreign protests over agricultural import bans has picked up markedly. The Japanese have begun to realise that introducing competition into the agricultural sector could help stimulate their economy, not necessarily hurt it.

Growing pressure for reform

So, from deathly silence on the subject less than six months ago, now hardly a week goes by in Tokyo without some kind of call for agricultural reform by a leading politician, newspaper or business group. Prime Minister Yasuhiro Nakasone set the tone in his speech to the opening session of the Diet this year. "There is strong popular interest in rectifying domestic and international price disparities and in promoting further improvements in productivity," he said.

The ball started rolling late last year when the US Rice Millers' Association petitioned their Government, under article 301 of the 1974 Trade Act, to force Japan to open its doors to imported rice. The petition was turned down, but the US decided to take the issue to the Uruguay round of multilateral talks. At the same time, the Americans are showing little sign of dropping their fighting stance.

"They have to make changes in this system. They don't have much choice. We'll take the blame, of course, and we're ready to do it," said a US Government official in Tokyo recently.

Backing up the US position is a stinging report issued earlier this year by the OECD which identified Japan as having the highest level (60 per cent) of farm produce subsidies among industrialised nations. The Japanese are now expecting the issue to be thrown at them at the coming economic summit in Venice.

But as foreigners eager to break into Japan know only too well, reform comes slowly to Tokyo. Financial deregulation was a topic for debate for years before the barriers started collapsing in the past year or two. Public debate is the first step toward change and international pressure will speed up that process. This time, however, the forces for change face formidable opposition.

Every farmer in Japan, and a lot of non-farmers, belong to one of the country's most powerful political and economic organisations, the All-Japan Federation of Agricultural Co-operatives. This group, a long-time pillar of support for the ruling Liberal Democratic Party, controls the business of farming in Japan from the seeds and fertiliser to finance and retailing. Its bank, the Norinchjkin, is one of the largest financial institutions in the world with total funds of nearly $140bn.

Mr Iwao Yamaguchi, senior executive director of the political arm of the co-op, Zenchu, recently called the RMA's petition "a selfish bid for profit completely ignoring the social, economic, cultural and political importance of rice in Japan."

Co-op officials point out that Japan is already the largest net importer of agricultural products in the world, with America ranking as its largest supplier, accounting for 37.2 per cent of all imports.

Both sides privately admit that the issue is not simply one of reducing the US-Japan trade imbalance — even if Japan did import its rice, the result would hardly dent the country's huge trade surplus with the West. The issue is really one of prying open domestic markets to foreign competition, reducing prices and, hopefully, allowing consumers to spend more money on things other than food.

According to the Mitsubishi Bank, for example, the abolition of Japan's food controls system could save Japan more than $30bn a year in food costs. If spent on other things, maybe even imports, this could raise the GNP by a full one per cent.

The Japanese spend 26 per cent of their disposable income on food, but because of their preference for sea food they consume 20 per cent less calories than Americans. Japan's food bill is $425bn, which compares with $490bn in the US, with nearly twice the population.

Japan's high food prices are the result of Government protectionism — carried out under the 1941 Food Control Act—and the lack of market competition. Although farms in Japan are tiny, averaging only about 2.5 acres, they are relatively efficient thanks to modern farm machinery and good fertilisers. Almost none of this efficiency is passed on to the consumer, however, because it it not in the interests of the co-op to do so.

Take feed ingredients — US maize and soyabeans enter Japan duty-free, but Japanese farmers are paying 40 per cent more than US farmers and 20 per cent more than European farmers for these products because of the Co-op.

A US Government official explains: "When I meet Japanese farmers they say we (the US) have to get prices down. But prices haven't been so low in 15 years. The Zennoh (Co-op) controls it. In the last 18 months, they've brought prices down by 30 per cent, but their costs went down by 70 per cent."

"If you visit a farmer, they don't even know their accounts, the co-ops keep them. They owe their souls to the Co-op, even their land is mortgaged to them," he explains. Indeed, as the numbers of farmers have dwindled from 6m to 4m over the last 25 years, the number of co-op employees has swelled from 180,000 to 375,000, creating one of the largest private businesses in Japan, capitalised in 1986 at $5.6bn.

Japan's astonishingly high land prices are another result of the protected agricultural market. As farmland is exempt from tax and the price of rice and wheat is protected, farmers are reluctant to sell their fields, even if their sons don't want to be farmers. Mr Kano Yoshikazu, President of the National Economy Research Institute and writer on the farming scene, sums up the growing discontent with the system:

"Apart from its total disregard for the consumer, the high price (for rice) is frustrating the sale of farmland that could lead to the creation of larger farms and lower production costs."

Others are more outspoken. Mr Kenichi Ohmae, head of McKinsey Management Consultants in Tokyo, argues in a recent best-selling book that Japan's food policy is responsible for the country's cramped housing conditions. As farmers are guaranteed a steady income from rice, they hold onto land which would be used for building homes.

Indeed, even though only 30 per cent of Japan is habitable, half of that space is taken up by farming and a full quarter is devoted to rice farming.

The Government does spend about $4bn a year on rice subsidies to farmers, but the high price of food is only partly to do with producer subsidies from the Government. According to an analysis of the system recently produced by Hoare Govett Japan, rice passes through five or six separate channels before reaching the consumer. Imported and domestic wheat and beef, which have simpler distribution chains, are still way above world prices because of the distribution monopolies.

Japan's Ministry for Agriculture, for example, is currently buying wheat from overseas at about Y25,000 a tonne ($170) but selling it at Y85,000 a tonne. At home, it buys in wheat from farmers at Y180,000 a tonne and sells to millers at Y80,000. Beef is similarly protected.

The Government is thinking of simplifying the distribution chains for rice and wheat. So far, however, there has been no official talk of liberalising trade in other commodities, such as sugar, meat and milk products. And those reforms under consideration are not expected to be enacted swiftly.

The reason for the delay is largely a political one. Despite the LDP's strong showing in urban districts during the last election, Prime Minister Nakasone can't begin to think of angering the Zenno, a prime contributor to LDP coffers, while he is currently enmeshed into a battle to institute a 5 per cent sales tax in Japan. Further, Japans electoral districts have not been modified much to reflect the movement of people from the farms to the cities. As a result, rural votes still count for more than urban votes.

In the meantime, Japan's premier business organisation, the Keidanren, has been unrestrained in criticising farmers. It recently published a blueprint for agricultural reform, hoping to appease the Americans. In a paper released a few weeks ago, it called for a dual collection system which would put Co-op collectors and commercial collectors on an equal footing. It also argued that wholesale trade territories should be made larger and wholesalers should be authorised to deal directly with collectors at the municipal and prefectural levels.

Within days of the Keidanren's move, Japan's Minister of Agriculture, Mr Mutsuki Kato, blasted the recommendations as impossible. Such steps, he said, would "lead to wide-scale fluctuations of demand, supply and prices, and make it impossible to ease the financial burden of the Government."

Government 'stubborn as a mule'

But the tempo of public debate and pressure from abroad may force Mr Kato and the LDP to start bending. One of Japan's largest newspapers, the Asahi, ran a headline last week: "Government as stubborn as a mule," over a story about how disgruntled retailers and consumers are building up a small, but significant black market in rice.

One shop owner in Tokyo reported he buys 80 per cent of his rice through illegal channels, despite the penalty of imprisonment. "When we obey the food control law, we lose most of our competitiveness," he said.

Because of Europe's own problems on food support systems, the international pressure will be led by the Americans. Last month the undersecretary of state for economic affairs, Mr Allen Wallis, said in Tokyo that Japan should lift all import restrictions within three years. Two Congressmen from California have already introduced legislation to force Japan to accept foreign rice.

Japan's consumers, traditionally docile on the issue of high food prices, are also showing signs of impatience. A recent survey by the Yomiuru newspaper showed that 42 per cent thought Japanese rice was too expensive and 46 per cent said the Government's food control system should be reformed. That's not a majority . . . not yet.

Brussels fears fish shortage

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission expects a big shortfall of EEC production of white fish species in 1987, and is proposing to step up imports at reduced tariffs to meet the needs of the processing industry.

The plan could run into opposition from the fishing industry, hard hit in recent years by quota cuts and measures to cut excess capacity.

It comes in response to a steady increase in fish consumption in the 12 member-states, and a rapid growth in imports in recent years.

The Commission calculates that the shortfall for bottom-feeding species like cod, hake, whiting and saithe in the current year will reach at least 138,000 tonnes — and almost certainly more if actual fish catches fall short of allocated fishing quotas in Community waters.

The biggest reduced-duty import quota proposed by the Commission — although the figures are at this stage only a tentative suggestion—is for 63,000 tonnes of cod, at a duty of only 3.7 per cent.

Other species included in the list are hake, haddock and saithe (coalfish).

EEC imports of fish have risen steadily in recent years from Ecu 1.185bn (£830m) in 1976 to Ecu 3.946bn (£2.76bn) in 1985.

As far as pelagic species are concerned, the Commission says the EEC fishing industry is capable of meeting the needs of the market, both internal and external.

The reduced-duty quotas would only be temporary, the Commission says

Real time system for LME clearing

THE INTERNATIONAL Commodities Clearing House, which is to begin clearing London Metal Exchange transactions on May 29, is to introduce a new real-time matching system to handle the substantial volume of LME business done away from the trading floor.

Mr Ian McGaw, group managing director of ICCH, outlined the new system yesterday at a Financial Times conference on Technology in the Securities Markets.

He said later that the board of ICCH had authorised investment of some £1m in the new project, which would create one of the most automated commodity exchanges.

Most LME trading is done between traders from their offices, punctuated by visits to the "ring." The new matching system, to be installed in the offices of some 40 trading firms, will enable each to know immediately if there is any discrepancy in traders' records of dealings before they proceed to clearing.

EEC deadlock over farm income aid

BY WILLIAM DAWKINS IN STRASBOURG

THE EUROPEAN Commission was last night deadlocked over an ambitious scheme to support farmers incomes while they adjust to moves to curb the EECs burgeoning agricultural spending.

Agreement over the package was held up at a weekly meeting of the 17-man Commission by a handful of Commissioners who feared that it might be the first step towards dismantling community control over farm policy in favour of member states individual policies.

Others see it, on the contrary, as a possible step towards encouraging farmers to take land out of production, thereby helping to make a dent in the EEC's huge agricultural surpluses.

The three part proposal includes an annual community subsidy, of up to Ecu 2,500 (£1,760) per farmer over five years for the poorer member states; with a national scheme allowing richer member states to subsidise farmers independently up to a limit of 80 per cent of national average incomes; and early retirement.

Disputed claims stall sea bed mining agreement

BY CANUTE JAMES IN KINGSTON

A UN conference which has been trying to thrash out an accepted code of conduct for mining the international sea bed has suffered a setback through the failure of four countries to settle conflicting claims to mining areas.

The issue had been reported at an earlier session of the conference here as having been resolved, but the discussions have resumed with delegates reporting "practical problems" in registering the operations of countries which are seeking to be the first sea bed miners.

The four countries, Japan, France, India and the Soviet Union, are seeking registration as "pioneer investors" in mining parts of the Indian Ocean and the north eastern Pacific Ocean.

As delegates from over 150 states gathered here for the talks, conference officials said the four countries had asked for "more time" to submit revised applications for registrations as investors in seabed mining. They said also that resolution of the issue would not be attempted at this session, but at next summer's deliberations of the conference.

The controversial treaty has been signed by 159 governments and international agencies, but will become international law only when it has been ratified by the legislatures of at least 50 countries.

However, a few important industrialised countries, including the US, the UK and West Germany are refusing to sign until there are changes in the proposed mining provisions. At stake are billions of tonnes of polymetallic nodules on the international sea bed, containing varying quantities of manganese, copper, cobalt and nickel.

The countries objecting to the treaty argue that it does not offer enough opportunities to private mining consortia to exploit the mineral wealth of the international seabed.

LONDON MARKETS

THIS WEEK'S coffee market rally moved up a gear yesterday with the July futures position's £33.50 rise to £1,302.50 a tonne taking the advance on the week so far. Some dealers discerned a bullish chart signal in the movement because, they said, the paths of the five and fifteen day moving averages had crossed. Others were less impressed, however, seeing the price gain simply as a continuation of a technical recovery following the recent heavy fall. This second group was still expecting prices to move lower in the medium term because of the continued absence of International Coffee Agreement export quotas. In the cocoa futures market prices came under modest pressure from a weaker trend in New York and fresh producer sales from the Ivory Coast. Sterling's firmness against the dolar was a further influence in the fall, which took the July position down £7 to £1,311.50 a tonne. In the London Metal Exchange the cash Grade A copper price continued its tentative recovery from last week's fall, gaining another £4.75 to £914.50 a tonne. But the three months position edged £0.75 lower to £878.50 a tonne in thin trading. The strongest LME market was lead, which gained £9.50 in the cash position to £318 a tonne. Dealers attributed the rise to trade and speculative buying which absorbed earlier profit-taking and pushed prices through chart resistance areas.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	865-70	−3.25	866-
3 months	805-6	+2.25	806/802

[illegible]

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

TIN

[illegible]

GOLD

[illegible]

SILVER

[illegible]

INDICES

REUTERS

Apr. 8	Apr. 7	M'th ago	Year ago
1546.5	1559.8	1535.3	1635.6

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Apr. 7	Apr. 6	M'th ago	Year ago
Spot	116.69	116.02	—	126.15
Fut	116.02	115.94	—	126.75

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Apr. 8 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1415/495	−10	$1390/410
Copper			
Cash Grade A	£914.5	+4.75	£900.5
3 mths	£878.5	−0.75	£892.5
Gold Troy oz	$420.5	+1	$407.25
Lead Cash	£318	+9.5	£295.75
3 mths	£306.75	+7.25	£291.25
Nickel	[illegible]	[illegible]	[illegible]

[illegible]

COFFEE

[illegible]

COCOA

[illegible]

POTATOES

[illegible]

SUGAR

[illegible]

FREIGHT FUTURES

[illegible]

MEAT

[illegible]

US MARKETS

TRADE AND LOCAL selling in gold futures kept a lid on the market despite commission house buying and occasional trade short-covering, reports Drexel Burnham Lambert. Commission house selling in silver was sufficient to overcome trade and local buying. Platinum followed the Gold. Copper traded sluggishly but held reasonably well despite trade, local and commission house selling. Early trade buying in crude oil futures kept the market in a narrow range, but a combination of local, commission house and light producer selling depressed prices in the face of scale-down trade buying, touching off stops before short-covering pared losses. Coffee futures rallied sharply on technical buying and short-covering. Origin selling in cocoa kept the market under pressure despite manufacturer support. Sugar traded in a narrow range with strong trade selling at and above the highs and commission house and light trade buying at and below the lows. Soyabean futures eased under the influence of overnight movement while the products held steady in lacklustre trading. Maize firmed in response to steadier cash prices following reports of Soviet Union buying. Continued concern over possible weather damage kept old crop wheat steady but new crop contracts were easier on the day. Pork bellies and hogs both rallied reflecting firmer cash prices and light hog runs. Cattle futures eased in response to lower cash prices.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
May	61.70	61.50	61.70	61.50
June	60.70	60.50	—	—
July	60.20	60.00	60.00	60.00
Sept	58.00	57.80	57.75	57.40

[illegible]

CHICAGO

[illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

OIL

[illegible]

GAS OIL FUTURES

[illegible]

RUBBER

[illegible]

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slightly firmer

THE DOLLAR was slightly firmer but remained within a narrow trading range yesterday as the market awaited news from the G-7 meeting in Washington. Most dealers were expecting some reaffirmation of the agreement reached in Paris, stressing the need for a stable dollar. Others remained more bearish however, stressing that unless real progress was made towards reducing the US budget deficit then ultimately no amount of agreeing would be able to support the dollar.

However, over the short term, speculators were wary about the possibility of renewed central bank intervention. Tuesday's comments by Mr Paul Volker, chairman of the US Federal Reserve Board, also hinted that it might be unwise to push the dollar weaker since this threatened to cause as many problems as it could possibly solve.

The dollar finished near to its best level of the day, rising to DM1.8390 from DM1.8265 and Y146.55 compared with Y145.30. Elsewhere it rose to SFr1.53 from SFr1.5145 and FFr6.1175 from FFr6.0750. On Bank of England figures, the dollar's exchange rate index rose to 102.2 from 101.6.

STERLING—Trading range against the dollar in 1987 is 1.6185 to 1.4710. March average 1.5926. Exchange rate index 72.4, unchanged from the opening but up from 72.3 on Tuesday. The six months ago figure was 67.1.

Sterling retained its firm undertone, helped by recent opinion polls which suggested that the Conservative Party had a clear lead over other parties. However the extent of the pound's rise was inhibited to some extent by fears of central bank intervention. The Bank of England has been quite active just recently in trying to keep the pound from appreciating too far.

Against the dollar it finished at $1.6125 from $1.6185 but was firmer against the D-Mark at DM2.9650 from DM2.9550. Against the yen it rose to Y236.25 from Y235.25. Elsewhere it rose to FFr9.8650 from FFr9.8325 and SFr2.4675 from SFr2.4500.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7870. March average 1.8355. Exchange rate index 146.1 against 142.6 six months ago.

Short covering pushed the dollar firmer towards the close as speculators squared off ahead of any possible announcement from the meetings in Washington. Everybody appeared to have their own ideas about the outcome but there was no clear consensus about what announcement would be made by the G-7 nations. The dollar closed at DM1.8370 from DM1.8270.

Early trading saw the dollar in demand as traders squared positions ahead of any announcement from the meeting of leading nations in Washington. The lack of any news could be seen as bearish for the market so most dealers were expecting the authorities to say something.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 145.30. March average 151.41. Exchange rate index 218.4 against 215.9 six months ago.

Trading was subdued in Tokyo as dealers awaited the outcome of IMF and World Bank meetings taking place in Washington. The dollar closed at Y145.65 unchanged from its close in New York and compared with Y145.25 in Tokyo on Tuesday. Recent comments by Mr Volcker, warning of the dangers of a lower dollar provided little comfort, with most dealers still viewing the dollar as a bearish currency.

£ IN NEW YORK

Apr 8	Latest	Previous Close
£ Spot	1.6135-1.6145	1.6175-1.6155
1 month	0.48-0.45 pm	0.52-0.50 pm
3 months	1.32-1.27 pm	1.31-1.29 pm
12 months	4.05-3.95 pm	4.04-3.94 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Apr. 8	Previous
8.30 am	72.4	72.3
9.00 am	72.4	72.3
10.00 am	72.4	72.3
11.00 am	72.4	72.3
Noon	72.5	72.3
1.00 pm	72.5	72.3
2.00 pm	72.4	72.3
3.00 pm	72.4	72.3
4.00 pm	72.4	72.3

CURRENCY RATES

Apr. 8	Bank rate %	Special Drawing Rights *	European Currency Unit
Sterling	—	0.791449	0.701452
U.S. Dollar	5.5	1.27819	1.13144
Canadian $	7.35	—	1.47936
Austrian Sch.	4	16.5065	14.6148
Belgian Franc	8	48.5936	43.0457
Danish Krone	7	8.85147	7.83976
Deutsche Mark	3.0	2.34522	2.07959
Neth. Guilder	4½	2.64777	2.34605
French Franc	9½	7.81098	6.91877
Italian Lira	11.5	N/A	1481.34
Japanese Yen	2½	185.977	166.096
Norway Krone	8	8.74410	7.76000
Spanish Peseta	—	164.247	145.617
Swedish Krona	7½	8.14463	7.22879
Swiss Franc	3.5	1.94924	1.72828
Greek Drach.	20½	172.459	152.315
Irish Punt	—	N/A	0.777891

*CS/SDR rate for April 7: 1.67646.

CURRENCY MOVEMENTS

April 8	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.4	−21.1
U.S. Dollar	102.2	−5.2
Canadian Dollar	79.5	−8.9
Austrian Schilling	137.3	+10.0
Belgian Franc	99.8	−4.5
Danish Krone	92.4	+3.1
Deutsche Mark	146.1	+21.2
Swiss Franc	171.3	+21.9
Guilder	134.0	+13.9
French Franc	71.4	−12.9
Lira	47.8	−17.1
Yen	218.4	+62.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 8	£	$
Argentina	2.4745-2.4860	1.5350-1.5410
Australia	2.2740-2.2770	1.4115-1.4125
Brazil	36.8225-37.9025	22.8400-22.9540
Finland	7.2055-7.2160	4.4720-4.4740
Greece	215.56-219.31	133.22-135.47
Hong Kong	12.5814-12.5964	7.8025-7.8045
Iran	116.45*	71.40*
Korea (Sth)	1359.95-1372.25	840.90-847.70
Kuwait	0.44070-0.44170	0.27290-0.27310
Luxembourg	61.30-61.40	38.00-38.10
Malaysia	4.0239-4.0546	2.4955-2.4975
Mexico	1825.60-1844.45	1132.00-1143.00
N. Zealand	2.8025-2.8100	1.7390-1.7420
Saudi Ar.	6.0460-6.0515	3.7495-3.7505
Singapore	3.4505-3.4546	2.1410-2.1430
S. Af. (Cm)	3.2725-3.2945	2.0380-2.0420
S. Af. (Fn)	4.8495-5.0000	3.0075-3.1030
Taiwan	55.05-55.95	34.05-34.15
U.A.E.	5.9219-5.9272	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0457	+1.38	+0.83	±1.5344
Danish Krone	7.85212	7.83976	−0.16	−0.71	±1.6404
German D-Mark	2.05853	2.07959	+1.02	+0.47	±1.0981
French Franc	6.90403	6.91877	+0.21	−0.34	±1.3674
Dutch Guilder	2.31943	2.34605	+1.15	+0.60	±1.5012
Irish Punt	0.768411	0.777891	+1.23	+0.68	±1.6684
Italian Lira	1483.58	1481.34	−0.15	−0.15	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6100-1.6190	1.6120-1.6130	0.51-0.48c pm	3.68	1.33-1.28 pm	3.24
Canada	2.1061-2.1162	2.1080-2.1090	0.54-0.45c pm	2.82	1.42-1.30 pm	2.58
Netherlands	3.33¾-3.35	3.34-3.35	1¼-1⅛c pm	4.48	3¾-3½ pm	4.33
Belgium	61.22-61.40	61.30-61.40	18-11c pm	2.84	46-37 pm	2.71
Denmark	11.13¾-11.18½	11.17-11.18	⅛-⅜ ore dis	−0.47	1⅛-1⅞ dis	−0.54
Ireland	1.1050-1.1105	1.1085-1.1095	0.21-0.34 p dis	−2.98	0.55-0.80 dis	−2.43
W. Germany	2.95¾-2.97	2.96-2.97	1⅝-1½pf pm	6.07	4½-4¼ pm	5.82
Portugal	227.78-229.01	227.80-228.70	57-142c dis	−5.23	249-369 dis	−5.41
Spain	207.30-207.66	207.30-207.60	109-129c dis	−6.88	316-357 dis	−6.49
Italy	2107¼-2113	2111-2112	2 par lire dis	−0.57	3pm-1 dis	−0.19
Norway	11.03-11.05¾	11.04¾-11.05¾	3⅝-4⅞ ore dis	−4.34	11⅞-12½ dis	−4.41
France	9.84½-9.87	9.86-9.87	1½-1¼ c pm	1.82	4¼-3⅞ pm	1.55
Sweden	10.28-10.32½	10.28¼-10.29¼	⅛pm-¼ ore dis	−0.07	⅞-1⅜ dis	−0.49
Japan	235¼-236¼	235¾-236¾	1⅛-1¼y pm	6.35	3½-3¼ pm	5.71
Austria	20.78-20.86	20.78-20.81	10⅝-9⅞gro pm	5.77	28½-26¼ pm	5.25
Switzerland	2.45½-2.47¼	2.46¼-2.47¼	1⅝-1⅜c pm	7.29	4-3⅝ pm	6.18

Belgian rate is for convertible francs. Financial franc 61.45-61.55. Six-month forward dollar 2.29-2.24c pm. 12-month 4.07-3.97 pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6100-1.6190	1.6120-1.6130	0.51-0.48c pm	3.68	1.33-1.28pm	3.24
Ireland†	1.4525-1.4615	1.4550-1.4560	0.85-0.79c pm	6.76	2.18-2.03 pm	5.79
Canada	1.3050-1.3080	1.3070-1.3080	0.07-0.10c dis	−0.78	0.17-0.20 dis	−0.57
Netherlands	2.0600-2.0765	2.0730-2.0740	0.19-0.16c pm	1.01	0.62-0.57pm	1.15
Belgium	37.73-38.10	38.00-38.10	1-4c dis	0.79	3-7 dis	−0.53
Denmark	6.87¾-6.94¼	6.92¾-6.93¼	1.85-2.55ore dis	−3.82	5.90-6.60 dis	−3.61
W. Germany	1.8250-1.8410	1.8385-1.8395	0.39-0.36pf pm	2.45	1.23-1.18 pm	2.63
Portugal	141½-142	141¾-142	80-130c dis	−8.88	290-370 dis	−9.30
Spain	128.10-128.85	127.70-128.80	100-110c dis	−9.81	300-320 dis	−9.66
Italy	1300½-1311	1309¼-1309¾	3.00-3.50lire dis	−2.98	9-11dis	−3.06
Norway	6.82-6.86¼	6.85¼-6.85¾	4.30-4.80ore dis	−7.96	12.85-13.35dis	−7.64
France	6.07¼-6.12¼	6.11½-6.12	0.85-1.00c dis	−1.82	2.45-2.70 dis	−1.69
Sweden	6.35¾-6.39½	6.38-6.38½	1.95-2.25ore dis	−3.68	5.80-6.20dis	−3.50
Japan	145.50-147.40	146.50-146.60	0.33-0.29y pm	2.54	0.96-0.91 pm	2.55
Austria	12.83½-12.92¼	12.89-12.89½	2.50-2.00gro pm	2.10	7.00-6.00 pm	2.02
Switzerland	1.5160-1.5305	1.5295-1.5305	0.46-0.41c pm	3.43	1.16-1.11 pm	2.98

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.10-38.20.

EURO-CURRENCY INTEREST RATES

Apr. 8	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞-10	9⅞-10	9 15/16-10 1/16	9 13/16-9 15/16	9 11/16-9 13/16	9 9/16-9 11/16
U.S. Dollar	6 5/16-6 7/16	6 5/16-6 7/16	6 5/16-6 7/16	6 7/16-6 9/16	6 9/16-6 11/16	6¾-6⅞
Can. Dollar	6 7/16-6 11/16	6⅞-7	6 11/16-6 15/16	7-7⅛	7-7⅛	7 3/16-7 5/16
D. Guilder	5⅛-5⅜	5 3/16-5 5/16	5 3/16-5 7/16	5 5/16-5 7/16	5¼-5⅜	5¼-5⅜
Sw. Franc	⅞-1⅛	1⅛-1⅝	3 3/16-3 7/16	3⅝-3¾	3 11/16-3 13/16	3⅞-4
Deutschmark	⅛-⅜	3 11/16-3 13/16	3 11/16-3 13/16	3 13/16-3 15/16	3⅞-4⅛	3 15/16-4 1/16
Fr. Franc	7⅞-8	7 15/16-8 1/16	8-8⅛	8-8⅛	8-8⅛	8 3/16-8 5/16
Italian Lire	8-10	8½-9¼	9-9½	9¼-9¾	9¼-9¾	10-10⅛
B. Fr. (Fin.)	7-7¼	7-7½	7¼-7½	7¼-7½	7¼-7½	7¼-7½
B. Fr. (Con.)	7¼-7¾	6 13/16-7 1/16	6 13/16-7 1/16	6 13/16-7 1/16	7-7 3/16	7-7 3/16
Yen	3¼-3⅞	3⅞-4	3 13/16-4	3 13/16-4	3 13/16-4	3 13/16-4
D. Krone	9½-10	9¾-10¼	10-10½	10¼-10¾	10¼-10⅝	10½-11
Asian $ (Sing.)	3½-3¾	N/A	3 3/16-3 5/16	3 7/16-3 9/16	3 7/16-3 9/16	3½-3⅝

Long-term Eurodollars: Two years 6⅞-7⅛ per cent; three years 7¼-7½ per cent; four years 7½-7¾ per cent; five years 7¾-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr. 8	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.613	2.965	236.3	9.865	2.468	3.345	2112.	2.109	61.35
$	0.620	1.	1.839	145.6	6.118	1.530	2.074	1310.	1.308	38.05
DM	0.337	0.544	1.	79.68	3.327	0.832	1.128	712.1	0.711	20.69
YEN	4.233	6.825	12.55	1000.	41.76	10.44	14.16	8938.	8.925	259.7
F Fr.	1.014	1.635	3.006	239.5	10	2.501	3.391	2140.	2.137	62.19
S Fr.	0.405	0.653	1.202	95.74	3.998	1.	1.356	855.7	0.855	24.86
H Fl.	0.299	0.482	0.886	70.63	2.949	0.738	1.	631.2	0.630	18.34
Lira	0.474	0.764	1.404	111.9	4.672	1.169	1.584	1000.	0.999	29.06
C $	0.474	0.765	1.406	112.0	4.679	1.170	1.586	1001.	1.	29.10
B Fr.	1.630	2.628	4.833	385.1	16.08	4.022	5.452	3442.	3.437	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts firmer but nervous

PRICES were mostly firmer in the London International Futures Exchange yesterday. Sentiment was influenced primarily by the meeting of the World Bank and IMF at which G-7 representatives were expected to discuss developments since the Paris meeting. There was plenty of speculation on the outcome of the meeting, ranging from the bullish feel to outright scepticism. However there was a distinct absence of heroes in the market which meant that most people were content to hold back until the situation became clearer.

This involved a good deal of position covering and as a result long gilt prices for June delivery rose to 124-07 at the close up from an opening level of 123-24 and Tuesday's close of 123-23.

The firmer trend was also helped by initial strength in US Treasury bond futures although this did not last. The June price touched a high of 98-00 from 97-10 at the opening but came back to finish at 97-16 compared with 97-25 on Tuesday.

Three-month sterling deposits opened on a weaker note but improved steadily to finish firmer on the day, havig traded within a relatively narrow range. Cash rates were marked up initially despite sterling's firmer trend as dealers showed caution ahead of the meeting in Washington. However continued opinion polls in favour of the Conservative party helped to keep the underlying sentiment bullish although dealers stressed that prices were already taking quite a bit as read which left speculators wary of a sudden downturn should any bad news occur. The June price opened at 90.67 down from 90.71 on Tuesday but recovered to touch a high of 90.73 before closing at 90.72.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	12.16	12.25	0.02	0.11
114	10.18	10.35	0.04	0.21
116	8.19	8.51	0.05	0.37
118	6.29	7.11	0.15	0.61
120	4.38	5.45	0.24	1.31
122	3.10	4.26	0.60	2.12
124	2.00	3.20	1.50	3.06
126	1.08	2.27	2.58	4.13

Estimated volume total, Calls 2,101 Puts 562
Previous day's open int: Calls 20,868 Puts 11,528

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	5.42	5.32	0.10	1.04
94	3.59	4.10	0.27	1.46
96	2.27	3.01	0.59	2.37
98	1.14	2.07	1.46	3.43
100	0.33	1.27	3.01	4.63
102	0.12	0.58	4.44	6.30
104	0.04	0.36	6.36	8.08
106	0.01	0.21	8.33	9.37

Estimated volume total, Calls 11 Puts 321
Previous day's open int: Calls 247 Puts 353

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Apr	Calls—Last May	Puts—Last Apr	Puts—Last May
19250	8.20	9.75	0.55	2.10
19500	6.19	8.05	1.04	2.90
19750	4.45	6.53	1.80	3.88
20000	3.03	5.20	2.88	5.05
20250	1.94	4.06	4.29	6.41
20500	1.17	3.12	6.02	7.97
20750	0.66	2.34	8.01	9.69
21000	0.35	1.73	10.20	11.58

Estimated volume total, Calls 20 Puts 0
Previous day's open int: Calls 313 Puts 248

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Apr.	May	June	Sept.	Puts—Last Apr.	May	June	Sept.
1.30	—	—	31.28	31.28	—	—	0.00	0.00
1.35	—	—	26.28	26.28	—	—	0.00	0.02
1.40	21.28	21.28	21.28	21.28	0.00	0.00	0.00	0.10
1.45	16.28	16.28	16.28	16.28	0.00	0.00	0.01	0.35
1.50	11.28	11.28	11.28	11.28	0.00	0.01	0.11	1.02
1.55	6.28	6.28	6.28	6.62	0.00	0.17	0.66	2.36
1.60	1.28	2.10	2.65	3.85	0.05	1.36	2.34	4.59

Estimated volume total, Calls 65 Puts30
Previous day's open int., Calls 1,286, Puts 1,588

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last April	May	June	Sept.	Puts—Last April	May	June	Sept.
1.35	—	—	13.90	13.90	—	—	0.80	1.60
1.40	17.90	17.90	17.80	17.70	0.25	0.30	0.45	1.05
1.45	12.90	12.90	12.90	12.70	0.30	0.60	0.80	1.50
1.50	11.50	12.20	12.20	12.20	0.10	0.25	0.35	1.00
1.55	6.50	7.20	7.20	7.60	0.25	0.30	0.70	2.00
1.60	1.50	2.40	3.20	4.00	0.35	1.20	2.00	4.40
1.65	0.25	0.70	1.20	2.05	3.25	4.20	5.00	6.90

Previous day's open int: Calls 1,257 Puts 1,421
Volume: 88

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Apr.	May	June	Sept.	Puts—Last Apr.	May	June	Sept.
1.400	20.90	16.00	21.00	21.00	—	—	—	0.10
1.450	15.90	13.50	16.00	16.00	—	—	—	0.30
1.475	13.50	11.00	13.50	23.50	—	—	0.05	0.50
1.500	10.90	8.50	11.00	11.00	—	—	0.10	0.85
1.525	8.50	6.20	8.50	8.70	—	0.05	0.20	1.30
1.550	6.05	6.20	6.10	6.60	—	0.10	0.50	2.05
1.575	3.70	3.70	4.10	4.90	—	0.40	1.10	2.90

Previous day's open int: Calls 75,575 Puts 51,790
Previous day's volume, Calls 1,105 Puts 2,768

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last June	Sept.	Dec.	Mar.	Puts—Last June	Sept.	Dec.	Mar.
92.75	0.60	0.61	0.63	—	0.02	0.11	0.23	—
93.00	0.38	0.44	0.47	—	0.05	0.19	0.32	—
93.25	0.21	0.29	0.34	—	0.13	0.29	0.44	—
93.50	0.09	0.18	0.23	—	0.26	0.43	0.58	—
93.75	0.03	0.10	0.15	—	0.45	0.60	0.75	—
94.00	0.01	0.05	0.09	—	0.68	0.80	0.94	—
94.25	0.00	0.02	—	—	0.92	1.02	—	—

Previous day's open int: Calls 215, Puts 788
Estimated volume, Calls 0, Puts 25

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	124-07	124-08	123-09	123-23
Sept.	124-07	—	—	123-23
Dec.	124-08	—	—	123-24

Estimated volume 96,002 (27,480)
Previous day's open int. 21,930 (22,273)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
June	90.72	90.73	90.66	90.71
Sept.	90.97	91.00	90.93	90.96
Dec.	91.02	91.04	91.00	91.02
Mar.	90.90	90.88	90.86	90.89
June	90.77	90.73	90.73	90.76
Sept.	90.67	—	—	—

Estimated Volume 3,322 (3,531)
Previous day's open int. 25,367, (24,585)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	200.15	201.20	199.00	202.85
Sept.	204.65	—	—	207.35

Estimated volume 2062 (992)
Previous day's open int. 3,894 (3,782)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
June	93.33	93.35	93.29	93.33
Sept.	93.25	93.29	93.23	93.26
Dec.	93.15	93.18	93.14	93.18
March	93.01	93.04	92.99	93.04
June	92.80	92.82	92.78	92.84
Sept.	92.58	92.59	92.59	92.62
Dec.	92.36	—	—	92.40
March	92.15	—	—	—

Estimated volume 7,273, (4,348)
Previous day's open int. 25,314, (25,549)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	97-16	98-00	97-09	97-25
Sept.	96-14	—	—	96-23

Estimated Volume 8,846, (4,114)
Previous day's open int. 3,941, (3,893)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
June	97-18	97-30	97-13	97-08
Sept.	96-16	96-28	96-12	96-07
Dec.	95-17	96-30	95-13	95-07
Mar.	—	—	—	94-09
June	—	—	—	93-13
Sept.	—	—	—	92-19
Dec.	—	—	—	91-26
Mar.	91-10	91-18	91-10	91-02
Jun.	—	—	—	—
Sep.	—	—	—	89-24
Dec.	—	—	—	89-05

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	94.33	94.36	94.32	94.30
Sept.	94.27	94.30	94.27	94.25
Dec.	94.20	94.24	94.20	94.19
Mar.	94.09	94.13	94.09	94.08

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
June	0.6575	0.6602	0.6575	0.6648
Sep.	0.6618A	0.6643	0.6616	0.6689
Dec.	0.6680	0.6680	0.6667	0.6730
Mar.	—	—	—	0.6772

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
June	0.6857	0.6878	0.6832	0.6914
Sept.	0.6905	0.6914	0.6878	0.6958
Dec.	0.6955	0.6955	0.6940	0.7010
Mar.	0.6980	—	0.6980	0.7055
June	0.7020	0.7020	0.7020	0.7100

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
June	0.5464	0.5478	0.5461	0.5505
Sept.	0.5502	0.5513	0.5498	0.5540
Dec.	0.5540	0.5545	0.5540	0.5580

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	93.32	93.35	93.31	93.29
Sept.	93.24	93.28	93.23	93.21
Dec.	93.14	93.19	93.13	93.12
Mar.	93.00	93.04	92.99	92.97
June	92.80	92.84	92.80	92.78
Sept.	92.57	92.63	92.57	92.56
Dec.	92.35	92.39	92.35	92.33
Mar.	92.13	92.17	92.13	92.11

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
June	298.90	—	297.50	296.40
Sept.	300.80	302.20	299.40	298.25
Dec.	302.80	303.50	301.40	300.15
Mar.	303.70	304.80	—	301.45

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6125	1.6076	1.5995	1.5898	1.5723

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.6025	1.6040	1.6005	1.6080
Sept.	1.5915	1.5980	1.5890	1.5980
Dec.	1.5850	1.5850	1.5810	1.5890
Mar.	1.5750	—	1.5750	1.5810

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.6031	1.6070	1.6020	1.6080
Sept.	1.5926	—	—	1.5980
Dec.	1.5839	—	—	1.5890

Estimated volume 17 (8)
Previous day's open int — (219)

MONEY MARKETS

UK rates steady

INTEREST RATES were barely changed in the London money market yesterday as dealers awaited the outcome of the G-7 meeting in Washington. Sterling finished slightly firmer overall but there was some nervousness as to how the dollar's performance would affect sterling.

Three-month interbank money finished at 9 13/16-9 11/16 per cent compared with 9⅞-9¾ per cent. Overnight money opened at 10-9⅞ per cent and touched a low of 7 per cent before finishing at 9 per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £505m and the unwinding of previous sale and repurchase agreements a further £194m. In addition banks brought forward balances £110m below target and there was a rise in the note circulation also of £110m. These were partly offset by Exchequer transactions which added £690m.

UK clearing bank base lending rate 10 per cent since March 18-19

The forecast was later revised to a shortage of around £300m and the Bank gave assistance in the morning of £53m through outright purchases of £46m of eligible bank bills in band 3 at 9¾ per cent and £7m in band 4 at 9 11/16 per cent.

Further assistance was given in the afternoon of £166m through outright purchases of £31m of Treasury bills and £3m of eligible bank bills in band 1 at 9⅞ per cent, £69m in band 2 at 9 13/16 per cent and £63m in band 3 at 9¾ per cent. Total help came to £219m.

In Frankfurt the Bundesbank allocated DM6.1bn through its latest sale and repurchase agreement at a fixed rate of 3.8 per cent. Total bids came to just over DM12bn and successful applicants received their allocations yesterday. Although DM14.9bn was taken out of circulation, following the maturity of a previous facility, liquidity levels were not unduly affected since the supply of credit was showing a healthy surplus. This was highlighted by commercial banks' minimum reserves which were estimated at DM59bn over the first six-days of the month compared with an expected requirement of nearer DM51bn.

Call money was slightly firmer yesterday at 3.80 per cent compared with 3.60 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 8) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 5/16	offer 6 7/16	bid 6 9/16	offer 6 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7¾
Broker loan rate	7½-7¾
Fed. funds	6⅛
Fed funds at intervention	6⅛

Treasury Bills and Bonds

One month	5.42	Three year	6.86
Two month	5.44	Four year	7.03
Three month	5.64	Five year	7.15
Six month	5.93	Seven year	7.42
One year	6.12	10 year	7.61
Two year	6.60	30 year	7.91

Apr. 8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.75-3.85	3.75-3.85	3.75-3.85	3.75-3.90	3.80-3.95	5.0
Paris	7 13/16-7 15/16	7⅞-8	7⅞-8	7⅞-8	7⅞-8	7¾
Zurich	⅞-1⅛	2 13/16-3 1/16	—	3½-3⅝	—	—
Amsterdam	5⅜-5½	5 5/16-5 7/16	—	5 5/16-5 7/16	—	—
Tokyo	3.53125	3.84375	—	3.96875	—	—
Milan	10⅜-10⅝	10-10½	—	10⅜-10⅝	—	—
Brussels	5.75	7¼-7⅜	—	7¼-7⅜	—	—
Dublin	12⅞-13¼	13¼-13½	13-13¾	12⅝-12⅞	11¾-12	—

LONDON MONEY RATES

Apr. 8	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-7	10⅛-10	10-9 13/16	9 15/16-9 13/16	9¾-9 5/8	9 11/16-9 9/16
Sterling CDs	—	—	10-9⅞	9 13/16-9 11/16	9⅝-9½	9½-9⅜
Local Authority Deposits	9⅞	9⅞	9⅞	9⅞	9½	9½
Local Authority Bonds	—	—	10⅛	9 15/16	9¾	9 11/16
Discount M'ket Deposits	10-9	9⅞	9⅞	9½	—	—
Company Deposits	10⅛-9½	10⅛	10⅛-10 1/16	9⅞	9⅝	9⅝
Finance House Deposits	—	—	10	9 13/16	9¾	9¾
Treasury Bills (Buy)	—	—	9 11/16	9½	—	—
Bank Bills (Buy)	—	—	9 11/16	9 9/16	9 7/16	—
Fine Trade Bills (Buy)	—	—	10 1/16	10 3/16	9 13/16	—
Dollar CDs	—	—	6.40-6.35	6.40-6.35	6.5-6.45	6.70-6.65
SDR Linked Deposits	—	—	6 1/16-5 15/16	6⅛-5⅞	6⅛-5⅞	6⅛-6
ECU Linked Deposits	—	—	6 15/16-6 13/16	7-6⅞	7-6⅞	7 1/16-6 15/16

Treasury Bills (sell); one-month 9 11/16 per cent; three-months 9½ per cent; Bank Bills (sell): one-month 9 13/16 per cent; three months 9½ per cent; Treasury Bills; Average tender rate of discount 9.5195 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from April 1, 1987: Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-12 months 9 per cent; Under £100,000 8 per cent from March 18. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

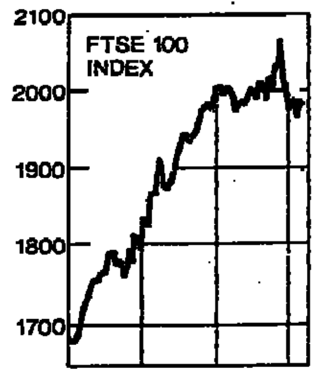
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 8 1987					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1987 High	1987 Low	Year ago (approx)
Australia (94)	128.78	+0.4	118.40	120.94	2.90	128.78	99.92	87.81
Austria (16)	93.58	−0.3	86.04	89.09	1.81	101.62	91.97	78.40
Belgium (47)	117.09	−0.1	107.66	110.16	4.24	118.92	96.19	76.54
Canada (131)	135.46	−0.4	124.55	128.26	2.16	136.17	100.00	98.37
Denmark (39)	112.66	−0.8	103.58	106.19	2.39	124.10	98.18	103.48
France (122)	116.92	−1.0	107.50	112.20	2.32	120.79	98.39	82.53
West Germany (90)	94.38	−1.0	86.78	90.23	2.08	100.33	84.00	87.16
Hong Kong (45)	107.83	+1.9	99.15	108.03	3.17	114.71	96.89	70.58
Ireland (14)	121.63	−1.4	111.83	117.75	3.64	131.44	99.50	87.95
Italy (76)	101.91	−1.3	93.70	99.66	1.59	104.69	94.76	75.83
Japan (458)	136.95	+0.2	125.92	126.86	0.52	136.95	100.00	66.78
Malaysia (36)	135.74	+1.2	124.80	130.51	2.98	135.74	98.24	71.66
Mexico (14)	143.75	−2.3	132.17	178.78	1.14	157.12	99.72	53.94
Netherland (38)	117.66	−0.5	108.18	111.35	4.00	118.24	99.65	83.05
New Zealand (27)	92.01	−2.8	84.60	85.04	3.16	100.59	83.93	63.04
Norway (25)	129.42	−0.3	118.99	120.42	2.00	129.80	100.00	99.29
Singapore (27)	120.68	+0.6	110.96	119.12	3.15	122.51	99.29	56.80
South Africa (61)	168.59	+3.6	155.01	112.55	3.45	175.51	100.00	99.85
Spain (43)	107.97	−0.5	99.27	105.31	3.91	121.31	100.00	71.53
Sweden (33)	116.15	−0.3	106.79	109.74	2.21	116.47	90.85	87.16
Switzerland (51)	97.92	−1.2	90.03	92.88	1.85	104.06	93.26	79.67
United Kingdom (342)	128.93	−0.9	118.54	118.54	3.61	133.88	99.65	97.12
USA (598)	122.01	+0.1	112.18	122.01	3.04	124.06	100.00	98.23
Europe (936)	113.96	−0.9	104.78	107.15	2.96	115.20	99.78	88.02
Pacific Basin (687)	135.49	+0.2	124.57	125.86	0.68	135.49	100.00	67.57
Euro–Pacific (1623)	126.90	−0.2	116.68	118.38	1.50	127.14	100.00	75.63
North America (729)	122.72	+0.1	112.84	122.37	2.99	124.60	100.00	98.25
World Ex. US (1829)	127.67	−0.1	117.38	118.75	1.55	127.86	100.00	76.68
World Ex. UK (2085)	125.14	+0.0	115.06	120.30	1.97	125.18	100.00	84.03
World Ex. So. Af. (2366)	125.19	−0.1	115.10	120.15	2.11	125.40	100.00	85.05
World Ex. Japan (1969)	120.01	−0.2	110.34	116.76	2.99	121.08	100.00	93.92
The World Index (2427)	125.47	−0.1	115.36	120.12	2.12	125.61	100.00	85.14

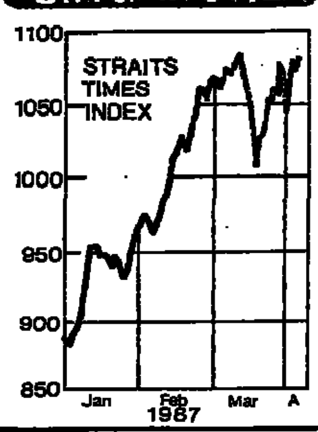
Base values: Dec 31, 1986 = 100

Latest prices not available

LONDON



SINGAPORE



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$400	187	24	4	37	8	—	$421
GOLD C	$420	90	11	28	22	2	34	"
GOLD C	$440	248	4.80	6	14.40	3	22.50	"
GOLD C	$460	118	2	3	8.50	3	15	"
GOLD P	$380	—	—	10	3	—	—	"
GOLD P	$400	30	2.10	35	6.50	—	—	"
GOLD P	$440	—	—	—	—	8	23.50	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$600	5	78A	—	—	8	95	$664
SILVER C	$650	3	44	—	—	23	65A	"
SILVER C	$700	21	13	5	32A	4	45A	"
SILVER C	$750	—	—	—	—	23	20	"
SILVER P	$700	500	45	—	—	—	—	"
£/Fl C	Fl.315	20	19	—	—	—	—	Fl.334.34
£/Fl C	Fl.325	—	—	6	10.50	—	—	"
£/Fl C	Fl.340	33	2.20	—	—	—	—	"
		Apr 87		May 87		Jun 87		
$/Fl C	Fl.200	3	7.60B	—	—	—	—	Fl.207.25
$/Fl C	Fl.205	93	3.20	11	4.20	22	5	"
$/Fl C	Fl.210	20	0.70B	236	1.90	69	2.50	"
$/Fl C	Fl.215	—	—	28	0.70	24	1.20	"
$/Fl P	Fl.200	—	—	—	—	126	1.80	"
$/Fl P	Fl.205	175	1.20	12	2	2	3.20	"
$/Fl P	Fl.210	—	—	—	—	28	5.50	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.200	—	—	—	—	15	12.20	Fl.207.25
$/Fl C	Fl.205	10	6.20	15	8.20	19	9.20	"
$/Fl C	Fl.210	14	4.50	16	6	—	—	"
$/Fl C	Fl.215	4	2.80	—	—	—	—	"
$/Fl C	Fl.220	41	1.80	4	2.50	—	—	"
$/Fl P	Fl.190	6	1.40	3	2.40	—	—	"
$/Fl P	Fl.200	79	3.70	—	—	—	—	"
$/Fl P	Fl.205	6	5.70	7	7.80	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.540	243	6.70	234	19.30	68	26	Fl.538
ABN P	Fl.500	80	0.70	41	7B	29	14	"
AEGON C	Fl.100	36	0.40	601	2.90A	5	4.50	Fl.93.80
AEGON P	Fl.95	104	2.50	101	5.80	—	—	"
AHOLD C	Fl.110	377	4.20	106	7.20	3	8.50	Fl.113
AHOLD P	Fl.100	72	0.20	302	2	—	—	"
AKZO C	Fl.140	876	2.60	555	5.60	57	9	Fl.140
AKZO P	Fl.140	329	2.10B	457	8.10	32	9.20	"
AMEV C	Fl.70	149	2.50	164	5A	16	6	Fl.72.20
AMEV P	Fl.70	26	1	2	3	3	4.50	"
AMRO C	Fl.85	718	2	219	4.50A	93	6.40A	Fl.86.10
AMRO P	Fl.85	466	2.20	34	3.50	10	5.30	"
ELSEVIER C	Fl.260	187	7	30	15.50A	—	—	Fl.266
ELSEVIER P	Fl.260	4	3.50	38	9.50A	—	—	"
GIST-BROC. C	Fl.45	612	1.60	217	3.30	36	4.50	Fl.45.80
GIST-BROC. P	Fl.40	162	0.10	66	1	10	1.70	"
HEINEKEN C	Fl.180	147	3	215	7	17	8.60	Fl.178.70
HEINEKEN P	Fl.170	69	0.90	12	4.70	23	5.20	"
HOOGOVENS C	Fl.40	131	0.30	99	1.80	34	3A	Fl.35.80
HOOGOVENS P	Fl.35	286	1	484	3.20	34	4.70	"
KLM C	Fl.45	44	0.20	415	2	605	2.70	Fl.42.50
KLM P	Fl.40	—	—	232	1.50	106	2.80	"
NED. LLOYD C	Fl.180	45	3.30B	51	6.60	—	—	Fl.180
NED. LLOYD P	Fl.160	60	0.90A	40	4.50	—	—	"
NAT. NED C	Fl.85	189	0.50A	475	2.60	96	3.10	Fl.79.40
NAT. NED. P	Fl.75	188	0.70	75	2.70	4	3.80B	"
PHILIPS C	Fl.50	4674	2.60	1868	4.10	566	5.50	Fl.52.80
PHILIPS P	Fl.50	434	0.80	772	2	121	2.50	"
ROYAL DUTCH C	Fl.250	500	8	2026	10.80	478	11.30	Fl.255.90
ROYAL DUTCH P	Fl.250	333	2.30	988	10.30	55	14	"
ROBECO C	Fl.110	—	—	—	—	32	1	Fl.101.50
ROBECO P	Fl.100	4	0.80	32	2	—	—	"
UNILEVER C	Fl.600	422	8.30	396	22	83	29	Fl.599.80
UNILEVER P	Fl.580	110	1.80	693	14	16	19	"

TOTAL VOLUME IN CONTRACTS: 59,955

A=Ask B=Bid C=Call P=Put

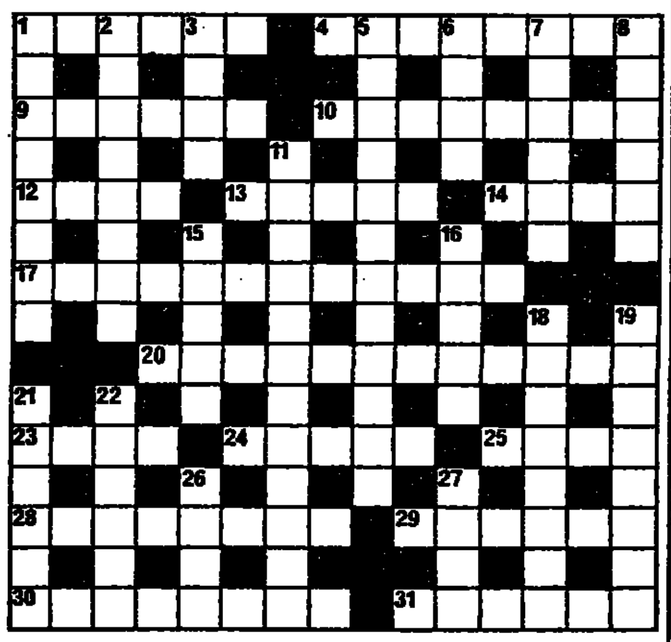
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Nat Credit Corp. Ltd.	10
Allied Arab Bk Ltd	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co.	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Int'l (UK)	10½
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd.	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E.T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	10	Equator'l Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd.	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Credit & Comm	10	First Nat. Fin. Corp	11	Trustee Savings Bank	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp.	¶12.25
Bank of Ireland	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of India	10	Robert Fraser & Ptrs	11½	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	‡10	Unity Trust PLC	9½
Banque Belge Ltd	10	● Guinness Mahon	10	Westpac B'nking Corp	10
Barclays Bank	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Benchmark Tst Ltd	10	● Hambros Bank	10	Yorkshire Bank	10
Beneficial Trust Ltd	11	Heritable & Gen. Tst	10		
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgage Tst	10	Lloyds Bank	10		
Cl. Bank Nederland	10	Mase Westpac Ltd	10		
Canada Permanent	10	Meghraj & Sons Ltd	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Savewise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¾% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

F.T. CROSSWORD PUZZLE NO. 6,299

DINMUTZ



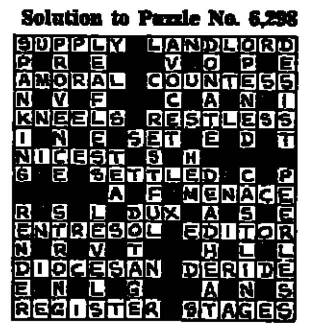
ACROSS

1 Calif's worried about revenue (6)
4 Does it tack on cold sheets? (3-5)
9 Principal and interest of a charger (6)
10 Nameless off-beat constable in bar (8)
12 Sacking project given early start (4)
13 Gold sovereign (5)
14 Spell Hilary, for example (4)
17 Cup lost? Telex deny, surprisingly (12)
20 Panel for lining men up for battle? (7-5)
23 Lamb part of the morsel I ate? (4)
24 Eg Washington express (5)
25 Corrupt place in nasty environment (4)
28 Swedish physicist who rang most changes? (8)
29 Clydeside Moll? (6)
30 Party member into pot? (8)
31 Horn played for hound (6)

DOWN

1 Job far away. America? Have such a nice day! (8)
2 It can prevent brogue from becoming too sloppy (4-4)
3 Skin condition of Bill, born abroad (4)
5 "Butterfly" ghastly at the Savoy? (7-5)
6 Still I seek him in Nepal (4)
7 Distinctive stamp of treasury—sort of square (6)
8 Hamlet's new girl (6)
11 Rude studio course abandoned (12)
15 Slim going begging (5)
16 Irons suit (5)
18 Good place for William, as things turned out (8)
19 Fan sticking? (8)
21 Self-elevator's device? (6)
22 Victorian, perhaps, this worker in garden (6)
26 King of Germany dry in ducks (4)
27 Rising county star (4)

Solution to Puzzle No. 6,298



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-423 8211

High Inc.	271.2	288.5xd	-1.2	5.26
(Accum Units)	336.1	357.9	-1.5	5.26
UK Growth	336.9	358.1xd	-2.4	2.82
(Accum Units)	358.9	381.8	-1.4	2.82

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Trt.	40.0	42.5	+0.02	1.77
MLA Income Trust	54.0	57.5	-0.2	3.95
MLA Intl	61.7	65.5xd	-0.2	0.81
MLA Gilt Unit Tr.	25.5	26.8	-0.1	10.0
MLA European Trust	28.3	30.5	-0.3	0.68
MLA American Tst.	28.2	29.8	-0.4	0.83
MLA Emerging Mkts. Tst	24.0	25.4	—	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd.Int.	120.0	126.2xd	—	7.02
Growth Units	97.6	103.7	—	2.59
High Income Unit	137.1	145.7xd	—	3.89
High Yielding Gilt Uts	61.1	63.3	—	8.01
Intl Growth Unit Tst	156.8	164.4	—	0.58
UK Smaller Cos.	107.3	114.0	—	1.60
North American	87.4	92.9	—	0.59
Far East	127.2	135.2	—	0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income March 30	310.5	330.3xd	—	3.98
General March 30	244.2	259.3xd	—	1.89
International March 30	153.5	163.9xd	—	0.65
Global Inc Fd March 30	49.6	52.8xd	—	3.15

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	312.6	334.7	—	0.95
Income	227.1	241.9	—	3.65
Worldwide Recovery	168.8	180.2	—	1.40
American Growth	78.6	84.0	—	0.86
Intl. Emerging Cos.	95.2	101.7	—	0.71
Far East Growth Fd.	97.2	103.8	—	0.77
European Growth Fd.	64.2	68.8	—	1.05

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	60.5	64.2	-0.1	1.71
Prolific C'vert & Gilt	115.0	122.4xd	-0.3	4.84
Prolific Euro Cap&Inc	51.1	54.4	-0.3	2.62
Prolific Extra Inc	114.2	121.9	-0.6	3.62
Prolific Far East	203.6	217.8xd	+1.5	—
Prolific High Inc.	79.1	84.6	-0.2	3.50
Prolific Intl.	145.7	155.1xd	-0.5	0.30
Prolific N. Amer.	137.8	147.4xd	-1.5	—
Prolific Spec. Sits.	94.5	101.1	-0.3	0.87
Prolific Technology	142.4	152.3	-0.8	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	94.1	103.4xd	+0.2	0.00
Japan Acc.	94.3	103.6	+0.2	0.00
Worldwide Inc.	78.4	83.0xd	-0.4	1.08
Worldwide Acc.	79.8	84.5	-0.4	1.08
European Tst Inc	96.0	101.6	-1.1	0.34
European Tst Acc.	96.6	102.3	-1.1	0.34
North American Inc.	66.4	70.4	-1.0	1.19
North American Acc.	66.6	70.5	-1.1	1.19
UK Equity Inc.	80.2	84.9	-0.3	1.92
UK Equity Acc.	83.8	88.4	-0.3	1.92
UK High Inc Eqty Inc.	58.8	62.3	-0.2	4.90
UK High Inc Eqty Acc.	60.0	63.5	-0.2	4.90
Hong Kong Trust	45.1	44.8	+1.6	0.57
Swiss Equities Trust	45.7	48.4	-0.4	1.87

Provident Mutual Unit Trust Managers Ltd.

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pensions Funds

American (Cap)	330.2	346.8	-3.2	—
American (Acc)	459.1	482.2	-4.4	—
Building Soc (Cap)	93.8	98.6	+0.1	—
Building Soc (Acc)	130.4	137.0		—
Deposit (Cap)	153.9	161.7	...	—
Deposit (Acc)	214.0	224.8	+0.1	—
European (Cap)	140.2	147.3	-0.5	—
European (Acc)	195.0	204.8	-0.6	—
Equity (Cap)	391.5	411.2	-4.0	—
Equity (Acc)	543.8	571.3	-5.4	—
Gilt (Cap)	244.5	256.8	-0.5	—
Gilt (Acc)	340.0	357.1	-0.6	—
Gold (Cap)	108.1	113.6	+0.6	—
Gold (Acc)	150.3	158.0	+0.9	—
Index-Linked (Cap)	96.2	101.1	-0.4	—
Index-Lnkd Gilt (Acc)	133.7	140.5	-0.5	—
International (Cap)	109.5	115.1	-1.0	—
International (Acc)	152.2	159.9	-1.5	—
Intl Inc (Cap)	104.6	110.0	-0.7	—
Intl Inc (Acc)	145.4	152.8	-1.1	—
Japan (Cap)	137.7	144.7	-0.2	—
Japan (Acc)	191.4	201.1	-0.3	—
Managed (Cap)	306.9	322.4	-1.3	—
Managed (Acc)	426.7	448.2	-1.9	—
PPP Fund (Cap)	292.6	307.3	-1.7	—
PPP Fund (Acc)	406.8	427.3	-2.3	—
Pacific (Cap)	256.7	269.6	+3.8	—
Pacific (Acc)	356.9	374.8	+5.3	—
Property (Cap)	132.2	138.9	...	—
Property (Acc)	183.8	193.1	...	—
Recovery (Cap)	189.1	198.6	-0.8	—
Recovery (Acc)	262.9	276.1	-1.0	—
UK Income (Cap)	108.2	113.9	...	—
UK Income (Acc)	150.5	158.1	-0.2	—
Personal Pension (Acc)	1630.7		-9.0	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	212.7	223.9	-0.7	—
Do. Accum	237.3	249.8	-0.8	—
Special Situations	191.1	201.2	-0.3	—
Do. Accum	213.2	224.5	-0.4	—
North American	185.7	195.5	-1.6	—
Do. Accum	207.2	218.2	-1.9	—
Pacific Basin	312.0	328.5	+0.7	—
Do. Accum	348.3	366.7	+0.6	—
Fixed Interest	214.0	225.3	-0.3	—
Do. Accum	238.8	251.4	-0.4	—
Property	117.1	123.3	...	—
Do. Accum	130.8	137.7	...	—
Deposit	112.1	118.1	...	—
Do. Accum	125.2	131.8	...	—
Managed	204.3	215.1	-0.7	—
Do. Accum	229.9	242.1	-0.8	—

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	188.4	198.4	+1.5	—
Managed Prospect Fund	146.8	154.6	+0.1	—
UK Equity Fd	221.0	232.7	+2.1	—
Fixed Interest	148.2	156.1	+1.8	—
Pacific	186.2	196.1	+3.4	—
North American	116.9	123.0	+0.1	—
Pens. Managed	219.2	230.8	-1.0	—
Pens. UK Equity	259.8	273.5	-2.3	—
Pens. Overseas Equity	297.1	312.8	-3.1	—
Pens. Property	116.9	123.1	+0.1	—
Pens. Fixed Interest	158.1	166.5	+1.9	—
Pens. Index Linked	124.5	131.1	+0.9	—
Pens. Deposit	142.4	149.9	+0.2	—
P.R.P. UK Equity	112.2	118.2	-1.0	—
P.R.P. Overseas Equity	105.1	110.7	-1.1	—
P.R.P. Fixed Interest	106.8	112.5	+1.3	—
P.R.P. Property	96.2	101.3	+0.1	—
P.R.P. Index Linked	111.8	117.7	+0.7	—
P.R.P. Deposit	97.6	102.8	+0.2	—
P.R.P. Managed	109.2	115.0	-0.5	—
P.R.P. With Profits	97.9	103.1	+0.2	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	131.68	138.60	—	—
Guaranteed Deposit	117.42	123.59	—	—
International	168.45	177.31	—	—
Managed	143.90	151.47	—	—
Property	130.54	137.41	—	—
UK Equities	177.36	186.69	—	—
Pens Fixed Interest	123.65	130.15	—	—
Pens Grtd Deposit	117.85	124.05	—	—
Pens International	183.55	193.20	—	—
Pens Managed	154.30	162.42	—	—
Pens Property	142.99	150.51	—	—
Pens UK Equities	154.77	162.91	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	286.0	301.1	-1.0	—
UK Equity	360.0	379.0	-1.4	—
Overseas Eq	287.0	302.0	-0.2	—
Americas	244.8	257.7	-2.2	—
Far East	323.1	340.2	+1.6	—
Property	133.5	140.4	-0.1	—
Fixed Int	207.5	218.5	-0.7	—
Indexed Gilt	121.9	128.4	-0.5	—
Deposit	132.1	139.1	—	—

Pension Fund Prices

Man. Initial	300.0	316.7	-1.1	—
Man Acc.	361.0	380.0	-1.4	—
UK Eq. Initial	363.9	383.1	-1.5	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

Eurotax Investments Ltd
1 Athol Street, Douglas, Isle of Man
UK Agents FIS St Albans 0727 41122

FFM Futures Fund Ltd
PO Box 1540, Hamilton, Bermuda (809-295) 7447

Far East Growth Fund
10a Boulevard Royal, Luxembourg (352) 40830

Fidelity International
9 Bond St, St Helier, Jersey, CI 0534 71696
Dealers: 33201. PO Box 670, Hamilton, Bermuda

Hambros Bank Ltd
41 Bishopsgate, London, EC2 01-588 2851

Hambro Pacific Fund Mgmt Ltd
2110 Connaught Centre, Hong Kong

Hambros Fd Mgrs (CI) Ltd.
PO Box 86, Guernsey 0481 26521

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St Helier, Jersey, C.I. 0534 37361

Le Fonds International Canagex
2, Boulevard Royal, Luxembourg

Lloyds Bank (CI) U/T Mgrs.
PO Box 195, St Helier, Jersey 0534 27561

Lloyds Bank Geneva Switzerland
1 Place Bel-Air, CH-1211 Geneva 11 (Switzerland)

North Star Group of Companies
c/o Privatbanken International (Luxembourg) SA
25 Bvd. Royal, Luxembourg Tel 46275

Norway Fund Management A/S
Stranger 29 0154, Oslo 1, Tel. 418100, Norway

Oppenheimer Securities Ltd
66 Cannon St, London, EC4N 6AE 01-489 1078

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

1987 High	1987 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42	.....	3.50	8.33
45	44	Do. 6pc 28 Stb. Ass.	44	.....	3	6.82
47	42	Do 4pc Mixed Ass.	47xd	.....	2	4.26
65	60	Hung. '24 Ass	60	.....	2.75	4.58
145¼	122⅞	Hydro Quebec 15pc 2011	141¼	−½	15.00	10.06
92½	84	Iceland 6½pc '83-88	92½	+½	6.50	11.80
135⅞	113⅝	Do. 14½pc Ln. 2016	130⅞	−⅝	14.50	10.93
102½	84½	Ireland 9¾pc '91-96	100½	.....	9.75	9.70
98½	87	Japan 6% '83-88	98½	.....	—	—

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30¼	23	Sara Lee $1	29¾xd	−⅛	$2.00	—	4.4
11⅞	10⅛	Saul (B. F.) $1	10⅝xd	+⅛	20c	—	1.2
79	72	Southwestern Bell $1	70⅝xd	−1	$6.96	—	6.4
17⅝	15⅛	Staley Continental	17¼	−⅛	80c	—	3.0
44⅞	36⅛	Sun Co. Inc. $1	44xd	−⅜	$3.00	—	4.4
74	57⅛	TRW Inc. $1¼	64⅛xd	−1	$3.20	—	3.1
39⅞	25⅝	Tenneco $5	29⅞	−⅝	$3.04	—	6.7
184½	149½	Do. 10pc Ln.Stk. 91-5	180½xd	.....	10%	—	5.6
26⅛	21⅞	Texaco $6.25	20⅛xd	.....	$3.00	—	9.4
57⅛	47⅛	Time Inc. $1	56⅛	−⅛	$1.00	—	1.2
14⅛	11½	Tracor $0.33	12⅜	−⅛	36c	—	1.8
24⅝	20⅛	Transamerica $1	20⅛xd	.....	$1.76	—	5.5
11	967p	Transworld Corp $5	10⅛	−⅛	20c	—	1.2
41½	29¼	Trinova Corp.	41⅜	−⅜	$1.40	—	2.2
17⅝	15¼	♥USX $1	18⅛	−⅛	$1.20	—	4.3
18⅝	15⅞	Union Carbide $1	18⅛	+⅛	$1.50	—	5.3
35⅞	30¼	Utd. Technologies	31⅞	−⅛	$1.40	—	2.9
38⅝	33⅝	US Westl	33⅞	−⅛	$3.28	—	6.3
33⅞	26	♥Woolworth $3½	32⅞	−1⅛	$1.12	—	2.3

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
22½p	21p	♥Abbot Energy Corp.	21½p	.....	—	—	—
21	10⅛	♥Amer. Barrick Res.	20	−1	—	—	—
83p	36p	Armero	73½p	.....	—	—	—
19⅝	15⅛	Bk. Montreal ‖	16	−⅛	$2.00	—	6.0
10⅛	878p	Bk. Nova Scot.‖	883p	−8	72c	—	3.9
20⅛	18	BCE ‖	20⅛	+⅛	$2.40	—	5.6
960p	712p	♥Bow Valley‖	883p	−2	10c	—	0.5
19⅛	12⅝	♥Brascan‖	17⅜	−⅛	88c	—	2.4
474p	277p	♥Breakwater Res.	474p	+18	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
323	305	PWS Holdings 10p	315	+1	ψ9.25	2.9	4.1	11.8
386	316	Pearl Group 5p	347	−4	8.8	—	3.6	—
*950	804	Prudential	829xd	−8	29.0	—	4.9	—
499	433	Refuge 5p	450	−4	15.75	—	4.9	—
£10⅝	847	Royal	949	−3	31.0	—	4.6	—
343	303	Sedgwick Group 10p	315	+2	ϕ12.0	1.7	5.4	13.4
255	207	Steel Burrill J.10p	239xd	−5	9.0	ϕ	5.3	ϕ
505	448	Stewart Wr. 20p	468	+4	13.0	2.0	4.0	16.3
450	420	Sturge Hldgs 20p	482xd	−5	16.0	2.5	2.1	26.4
833	645	Sun Alliance	822	−10	23.5	—	4.1	—
£11½	929	Sun Life 5p	£10½xd	+⅛	28.5	—	3.7	—
£52⅝	£39	ψTaisho M EDR	£48¾	+¾	ψ410%	—	0.9	—
£21¼	£18	Torchmark $1.00	£18⅝	−¼	060c	—	2.1	—
335	235	Trade Indemnity	336xd	.....	4.3	—	1.8	—
£34	£29⅞	Travelers $1.25	£29⅞	−½	$2.28	—	5.1	—
£32¼	£25⅝	USLIFE Corp. $1.0	£26¼	+⅛	Q$1.20	3.2	3.0	10.5
595	595	ψUtd Friendly B 10p	595	.....	†17.2	—	4.1	—
463	411	Willis Faber 12½p	414	−8	10.75	ϕ	3.7	ϕ
59	45	Windsor Secs. 10p	59	.....	0.7	1.5	1.7	54.7

LEISURE

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
17	11½	ψA & M Group 10p	15	.....	0.4	2.0	3.8	18.8
76	69	A-R TV Pref. £1	76	.....	5.95	48.1	13.2	—
*549	302	Anglia TV	490	−5	g11.25	3.3	3.2	13.6
159	108	ψAspinall Hldgs. 10p	165½	−1½	6.0	1.2	5.2	22.4
87	63	ψAvesco 1p	85	.....	L0.5	6.6	0.8	21.8
48	40	ψBCE Hldgs 5p	45½	−½	R d1.0	3.0	3.1	15.1
190	132	Barr & W.A.T. 'A'	188	−2	7.0	1.4	5.2	(17.9)
188	165	Boosey & Hawkes	165	.....	—	—	—	—
83	45	ψBorder T.V.	70	−1	†g2.5	3.2	5.0	17.6
422	217	Brent Walker 10p	417	.....	4.0	2.7	1.4	32.4
188	110	Carousel Int. 20p	174xd	−3	‡3.0	ϕ	2.4	ϕ
211	127	Capital Radio 10p	179	−12	W5.0	1.8	3.9	19.4
674	370	Central ITV	603xd	−7	17.0	ϕ	4.0	ϕ
266	171	Chrysalis	257	−1	5.6	2.1	3.1	21.5
63	43	ψCityvision 5p	53	−1	—	—	—	—
29	12	ψEntertain Prod 5p	22	.....	—	—	—	—
306	207	Fairline Boats 10p	273	−5	6.0	3.6	3.1	12.8
557	414	First Leisure £1	530	−2	7.5	3.3	2.0	21.4

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

1987 High	Low	Stock	Price	+ or −	Div Net
100	83	ψMax Advertising 5p	90	.....	d2.45
154	113	Norton Opax 10p	141	−2	ψ4.0
£24⅝	£19½	Ogilvy Group $1	£21½	+⅛	Q84c
99	57	Olives Paper 20p	85	−1	—
338	296	ψOsborne & Little 5p	335	.....	†3.0
80	53	Parey Communications	78	.....	1.25
160	110	ψPeters (Michael)	148xd	+2	†2.6
*679	533	Saatchi 10p	682xd	−10	b12.14
*138½	112½	Do. 6.3pcCnvPref£1	134	−½	6.3%
555	412	St Ives 10p	555	.....	b4.5
£52⅞	£41⅞	Scott Paper	£49	−¼	Q$1.12
480	333	Shandwick 2p	480	.....	†4.22
305	248	Smith (David S.) 20p	293	.....	†4.2
489	313	Smurfit (Jefferson)	433	−4	Q20.2%
103	81	ψSpace Planning Servs	81	.....	F1.2
92	85	Sterling Publishing 5	91	−2	2.0
149	115	ψTMD Advertising	149	+1	2.0
91	63	ψThorpac Group 2½p	81	−4	b0.83
305	193	ψTrade Promotion 10p	300	.....	ϕ14.35
269	199	Usher Walker 10p	263	.....	†7.5
202	150	Valin Pollen Int 5p	195	−2	1.5
669	515	WCRS Grp 10p	668	+3	†4.25
985	698	WPP Group 10p	938	+1	3.2
123	69	Wace Group 20p	116	+2	—
*255	190	Waddington (J.)	237	+2	†g5.2
420	303	Watmoughs	428	+25	7.8
205	165	ψWay Mackay-Lewis10p	205	.....	R4.0
189	133	ψYellowhammer 5p	177	.....	d1.6

PROPERTY

1987 High	Low	Stock	Price	+ or −	Div Net
115	74	Allied London 10p	112	+1	1.75
153	75	Apex. Props. 10p	150	.....	†0.7
255	185	Arlington Sec 10p	242xd	+8	2.2
435	340	Asda Property 20p	425	−5	3.0
18	8	ψAustmark Int	8	.....	—
264	188	BakerHarrisSaun'10p	262	.....	R4.0
219	122	Belgrave Hldgs	218	+7	4.5
28¾	17¼	Berkeley & Hay Hill	25¾	−½	—
310	276	Bilton (Percy)	318	+4	†11.98

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

TRADITIONAL OPTIONS

3-month call rates

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 23	Apr 2	Apr 3	Apr 13
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 18	May 28

* New time dealings may take place from 9.00 am two business days earlier.

Markets rally after early setback on Volcker warning about Federal credit policies

The UK securities market had another cautious session yesterday as attention flickered between Wall Street and the Washington meeting of the G-5 ministers, the curtain-raiser for today's IMF meeting and Friday's assembly of the G-10 finance chiefs.

Government bonds closed firmly after a re-run of market rumours that the US Treasury might soon introduce Yen-denominated bonds, targetted at Japanese investors.

Equities opened sharply down in response to Wall Street's overnight setback but rallied in restrained trading, only to lose heart when New York stocks opened on an erratic track.

The FT-SE 100 index, 25 points off initially, ended a net 10.3 lower on the day at 1,967.7, with the FT ordinary index 5.9 down at 1,558.6.

The day started badly, with both shares and bonds hit hard by the warning from Mr Paul Volcker, chief of the US Federal Reserve, that the sliding dollar might force a tightening of US credit policy.

Gilts were particularly unhappy as the Yen/dollar rate tested the key 145 rate. However, the dollar steadied and the bond market brightened.

Then came the rumours of US Yen-denominated bonds—which have been heard before. Prices turned higher, and the longs ended with net gains of ¾.

Retail interest in UK bonds was thin, but once again Japanese buyers were identified—ths time for 10-year issues, which closed firmly.

Traders commented that, while fears that the falling dollar might prompt tightening by the Fed have been voiced before in London, yesterday morning's mark-down did not inspire much selling.

The picture was much the same in equities, where sellers were difficult to identify even when market indices showed sharp losses. Oil stocks weakened beneath Wall Street's shadow and among pharmaceuticals, Wellcome suffered a further bout of selling.

Further weakness in Beecham followed a "sell" circular from Salomon Bros, in US house which has downgraded forecasts for Beecham's 1988 profits from £405m to £380m before tax. For this year, Salomon expects Beecham to meet analysts' forecasts of around £346m pre-tax when the figures are announced in June.

But there was support for stocks at the lower levels and losses were soon reduced. Bowater stood out on the results, and Glaxo continued to find the buyers. A speculative burst of demand took GEC higher on turnover of 17m shares.

Lloyds Broker Minet highlighted the Insurance sector, rising 19 to 282p on news that Lloyd's of London will announce today terms for a proposed settlement of the losses arising from the long-running PCW scandal.

Following Mr Robert Holmes à Court Bell Group's successful stakebuilding exercise in Standard Chartered over the previous two trading sessions—Bell raised its stake from 10 to the maximum permitted 14.9 per cent under current Bank of England guidelines—Standard's shares were again popular on hopes that bid developments could soon follow. After touching 834p, the shares came to rest 11 higher on balance at 830p. Lloyds, the holder of a 4.9 per cent stake in S.C. and rumoured of late to be planning to rebid once its official ban is lifted on July 12, improved 2 to 489p in sympathy. Elsewhere, Financial Times comment on the recent acquistion by New Zealand's Equitcorp of a potentially hostile 25 per cent stake in Guinness Peat left the latter 3 to the good at 104p

Cambridge Instruments made a lacklustre market debut; the shares, offered at 130p, traded at a small premium initially, but subsequently slipped to 129p; the price later settled at 130p.

Some institutional operators disregarded the overall market trend and committed funds to selected Breweries. Whitbread "A" were the first choice and rose 5 to 321p, but Greenall Whitley made a useful gain of 9 to 238p.

Redland fell 14 to 437p on news that the company is in talks which may lead to an offer for the oustanding 51 per cent of Monier, the Australian building materials group. Elsewhere in the Building sector, Higgs and Hill firmed 2 to 627p in response to better-than-expectedannual results, confident statement and proposed 100 per cent scrip issue. British Dredgin, which also revealed annual results yesterday, gained 0.8 to 128p, after 130p, helped by news that its aggregates division is due to receive some £3m for the vacation of its property at Ferry Wharf, Cardiff, for the transfer of its freehold interest to the County of South Glamorgan. Erith responded strongly to good preliminary figures with a rise of 6 at 181p, but profit-taking in front of today's half-timer clipped 6 from recently firm Raine Industries at 143p.

The Chemical sector featured Wardle Storeys which rose 19 to 466p following details of excellent interim profits.

Martin Ford, in which Iridium Investments, a consortium consisting of Messrs Wallis, Sellar, Morris and Aronson, holds a sizeable stake, sprang to life in the Stores sector, closing 9 higher at 98p, after 104p, in response to speculative buying. Paul Michael Leisure rose 9 to 70p on bid speculation and A. G. Stanley reflected call option activity with a rise of 8 to 124p. Helene of London rose 2½ to 36½p ahead of next Wednesday's preliminary results. Leading retailers drifted lower for want of support. Next cheapened 3 to 315p and Harris Queensway lost 4 at 207p.

Around 17m GEC shares changed hands yesterday and the close was 4 better at 206p on speculation that the company would today announce the agreed merger of its medical electronics business with Philips. Other Electrical majors gave ground with Plessey 4 off at 238p and BICC a couple of pence asier at 328p. Elsewhere, Sound Diffusion rose 2 to 68p following renewad speculative support and Oxford Instruments added 11 at 444p. Awaiting further news of the merger discussions currently taking place with Wormald International, the fire protection specialists which have acquired a 9 per cent stake in the company, Holmes Protection fell 8 to 184p on profit-taking; market rumours suggest that Racal is still interested in bidding for Holmes.

Engineers passed a relatively quiet session. Among the occasional noteworthy movements, T. Robinson encountered further support and put on 13 more to 439p, but profit-taking after the preliminary figures left Matthew Hall 4 cheaper at 193p. Simon, awaiting today's annual results, eased 7 to 348p.

Leading Foods gave modest ground, Unigate losing 7 to 365p and Tate and Lyle a couple of pence at 738p. Cadbury Schweppes were a couple of pence off at 235p and Rowntree Mackintosh 3 cheaper at 492p. Elsewhere, M6 Cash and Carry shed 5 to 113p following the annual results, but Hazlewood Foods attracted support and gained 6 to 223p. Among Retailers, news of an expansion programme failed to stimulate William Low which settled a shade cheaper at 599p.

Hotels were notable for a revival of interest in Grand Metropolitan which picked up 6 at 476p. Stakis, a recent takeover favourite, came back 6 to 104p following profit-taking.

Most leading miscellaneous industrials ended the day on a slightly firmer bias. Beecham, however, met with further selling following a downgraded profits forecast from Salomon Brothers International and fell 13 more to 509p. Glaxo, in contrast, closed a shade firmer at £15$\frac{1}{16}$, while brokers recommendation helped Unilever improve ⅜ to £26⅛. Elsewhere, Bowater Industries featured a rise of 45 at 513p following the announcement of annual pre-tax profits of £48m which were some £6m above analysts' top expectations; it was also announced that Mr David Lyon, currently managing director of Redland, will take up the position of chief executive shortly. Extel, a poor market since news that Mr Robert Maxwell has decided not to make a fresh offer for the company, rallied 7 to 475p. Associated British Ports, on the other hand, fell 13 to 470p on vague talk that today's preliminary figures may be accompanied by a rights issue. Wellcome met with further selling and gave up 12 more to 372p, while Pentland ran into revived profit-taking and fell 15 to 725p. Nash Industries new shares were good at 96p premium, up 11, while Ashley Industrial Trust, still benefiting from the Trans Pacific Corporation funding arrangements, advanced 10 further to 80p. Sharna Ware advanced strongly to close 55 higher at 125p on news of the proposed share subscription by JO Hambro Investments to raise approximately £1.06m net and the board changes. Acquisition news left AAH 11 to the good at 304p. Norcros closed 5 lower at 444p following the profits forecast (£53m pre-tax) in defence against the takeover bid from Williams Holdings; the latter eased 9 to 803p. Pearson were good late at 613p, up 17.

Suggestions that the worst of the group's troubles were over accompanied persistent small demand for Rover and the close was 6 higher at 61p. Overnight American inquiry ensured firmness in both Lucas Industries, 3 dearer at 578p, and in Lex Service, 6 up at 418p, but lack of transatlantic support left Jaguar 8 down at 583p. Elsewhere, revived bid speculation lifted Perry 15 to 233p.

Further consideration of Home Counties full-year results raised the shares 10 more to 503p, while Watmoughs jumped 25 to 420p on the contract to print the Sunday Times magazine from September. Chapman Industries were again in good form and rose 19 further to 265p. Laing and Cruickshank have done considerable business in the stock over the past two trading sessions, including removal of a line of shares which had been overhanging the market. Blenheim Exhibitions advanced afresh to end 10 up at 275p while Goodhead Print were 7 better at 212p. Robert Horne were raised 15 to 360p and Bunzl rallied 7 to 223p.

Brixton Estate firmed 6 to 202p following the annual results, while Phoenix Property, reflecting further option business, touched 165p prior to closing 5 higher at 162p. Profit-taking clipped 7 from recent favourite Parkdale at 112p. Arlington Securities picked up 8 at 241p while Priest Marians firmed 5 to 310p following acquisition news.

Common Bros. stepped up this month's sharp recovery to close at a high point of 34p, up 5 on the previous close. The group has purchased a 50 per cent interest in Orley Shipping, a Liberian corporation. The transactions involves the transfer of shares in the group's US cruise line subsidiary, Bermuda Star, and reduces Common Bros. holding in BS from 72 per cent to 60 per cent.

Investors responded enthusiastically to higher earnings and a confident statement from Lamont, up 15 at 270p, but displayed little interest in S. Jerome, which also reported sharply increased annual profits; the latter ended 5 off at 200p. Among smaller-priced Textiles, Stoddard "A" revived with a gain of 4½ to 48½p.

Financial Trusts adopted no set course with Edinburgh Fund Managers rising 10 to 300p but Mercantile House falling 6 to 330p. MAI were also lower at 505p. Exco caught up with the recent advance in the parent concern and closed 12 higher at 345p while Kellock, at 50p, regained part of Tuesday's setback on news of a major acquisition and share issue.

The leading oils were a nervous market and lost ground across the board. BP, sold down at 896p first thing, ended the day a net 15 lower at 901p, while Enterprise Oil dipped 11 to 249p and LASMO 5 to 254p. Elsewhere, Ireland's Oliver Prospecting jumped to 26p before closing a net 5½ up at 24p amid rumours of an imminent drilling report.

Mining markets continued to make good progress but generally closed below the day's levels. Early strong gains in South African golds were prompted by the initial upturn in bullion to $423.20 an ounce. However, a decline in the latter to a closing level of $420.5 an ounce—for a net gain of a dollar—unsettled golds just after midday and share prices dipped back towards the close of business.

The financials sector included an outstanding firm spot in Consolidated Gold Fields which, after an uncertain opening at 919p, jumped to end the session a net 24 higher at 944p reflecting the view shares' recent retreat from the 973p level had been overdone. Rio Tinto-Zinc eased 3 to 849p in front of today's preliminary results; the majority of analysts are going for pre-tax profits in the region of £225m with earnings per share between 70 to 75p.

Elsewhere, Ennex International spurted 10 to 52p amid rumours of an imminent drilling report.

The upsurge in Australian mines continued to gather momentum. Sector leader Western Mining featured with a 22 rise to 378p following news of the new gold mining development. Central Norseman put on ½ to £11½ and Poseidon added 5 at 524p.

Whim Creek, a strong market since news of its participation in the purchase of CRA's Forest Creek gold prospect for $76.5m, added a further 15 at 495p.

Traded Options

Activity in the traded options market yesterday largely centred around British Airways. Here, 9,011 calls were done with 1,442 taken out in the July 130s', 1,400 in the October 90s' and 1,319 in the April 110s'. GEC were also active with 3,294 calls struck—1,343 in the July 220s', while the overall number of calls and puts arranged amounted to 28,750 and 13,826 respectively.

Traditional Options

- First dealings March 30
- Last dealings April 11
- Last declaration July 9
- For Settlement July 28

For rate indications see end of Unit Trust Service

Money was given for the call of Phoenix Properties, Central Securities, Parkdale, Mellerware, Wiggins Group, Cambridge Instrument, Feedex, Readicut, Wellcome, Blacks Leisure, Gilbert House, J. Jarvis, Common Brothers, Jack Israel, Wordplex, Olives Paper Mill, Sedgwick, Cadbury Schweppes, Barker and Dobson, Senior Engineering, Waterford, Owners Abroad, Sound Diffusion, Tricentrol, CASE, Ossery Estates, Rivlin, Westbury, Cronite, Rockware, Hartwell, United Guarantee, Britoil, Raglan Property Trust, Ashley Industrial, Quest Automation, Property Trust, A. G. Stanley and Ault and Wiborg. Puts were arranged in Lyle Shipping and Hillards, while doubles were done in Amstrad and Owners Abroad.

FINANCIAL TIMES STOCK INDICES

	Apr. 8	Apr. 7	Apr. 6	Apr. 3	Apr. 2	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.61	90.76	90.91	89.91	89.91	93.30	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.99	97.35	97.32	97.30	97.37	97.04	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,558.6	1,564.5	1,566.0	1,546.4	1,567.6	1,376.5	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	436.2	424.9	421.8	415.9	433.5	282.7	455.3 (31/3)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.75	3.74	3.73	3.79	3.74	3.89				
Earnings Yld.%(full)	8.54	8.51	8.45	8.58	8.48	9.50				
P/E Ratio (net) (*)	14.48	14.53	14.57	14.35	14.52	13.04				
SEAQ Bargains (5 pm)	37,453	39,749	54,946	59,197	50,718	—				
Equity Turnover (£m)	—	1,308.51	1,275.56	1,365.00	1,426.17	693.51				
Equity Bargains	—	57,340	69,179	72,831	69,965	32,510				
Shares Traded (ml)	—	500.0	608.3	575.9	549.2	280.1				

S.E. ACTIVITY

Indices	April 7	April 6
Gilt Edged Bargains	145.2	175.2
Equity Bargains	371.5	448.2
Equity Value	2,644.8	2,578.2
5-Day Average		
Gilt Edged Bargains	172.7	179.3
Equity Bargains	426.8	445.4
Equity Value	2,706.8	2,699.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1552.6	1547.5	1549.0	1555.0	1559.6	1560.2	1559.0	1558.5

Day's High 1562.1. Day's Low 1546.8 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.93.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (153)

FOREIGN BONDS (1), AMERICANS (4), CANADIANS (5), BANKS (1), BUILDINGS (7), CHEMICALS (2), STORES (6), ELECTRICALS (4), ENGINEERING (4), FOODS (4), INDUSTRIALS (30), INSURANCE (1), LEISURE (1), MOTORS (1), NEWSPAPERS (2), PAPER (5), PROPERTY (7), SOUTH AFRICANS (1), TEXTILES (3), TRUSTS (17), OILS (5), MINES (42).

NEW LOWS (35)

AMERICANS (14), BANKS (2), Goode Durrant, Security Pacific, BUILDINGS (1) Chessminster, CHEMICALS (1) Sola BPD, ELECTRICALS (1) Ealing Electro, ENGINEERING (1) Davies & Metcalfe, FOODS (1) Clifford's Diaries 'A' N/V, INDUSTRIALS (1) Black (P), INSURANCE (4) American Gen. Corp, Lincoln Nat Corp, Sturge Hldgs, Travelers, PROPERTY (2) City Site Estates, Gilbert Hse Inv, SHIPPING (1) Clarkson (Horace), TRUSTS (1) Antofagasta 5pc Prf, OILS (2) Lennard Oil, LASMO Ops, OVERSEAS TRADERS (3) Chillington Corp, REA Hldgs, Tozer Kemsley.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,400	144	−2
Allied Lyons	1,350	385	−3
Amstrad	1,600	188	−1
Argyll	2,100	405	−3
Assoc. Brit. Foods	376	342	−5
BAT	4,900	525	−10
BET	694	245	+1
BOC	249	433	+3
BPB Inds	349	665	−5
BPCC	1,300	331	+5
BTR	1,500	301	−1
Barclays	781	502	—
Bass	371	871	+1
Beecham	2,200	509	−13
Blue Circle	245	798	−8
Boots	6,000	284	+2
Brit. Airways	18,000	132	+3
Brit. Aero	1,500	655	−4
Brit. & Comm.	120	445	—
Brit. Gas	10,750	91	−1½
Britoil	13,000	257	−2
BP	3,010	901	−15
Brit. Telecom	5,500	251	−3
Bunzl	997	223	+7
Burton	2,800	294	−1
Cable & Wire	2,000	370	−1
Cadbury Schwps	1,300	234	−3
Coats Viyella	147	570	−4
Comm. Union	1,000	321	−3
Cons. Gold	1,610	945	+25
Cookson	198	593	—
Courtaulds	572	414	−4
Dee Corpn	2,600	235	−7
Dixons Grp	1,300	371	−1
English China Clays	151	417	−1
Fisons	302	603	−3
Gen. Accident	299	942	+3
Gen. Elect	17,000	20	+4
Glaxo	2,000	£15$\frac{1}{16}$	−1
Globe Investment	1,000	152	−1
Granada	178	329	−1
Grand Met	2,200	476	+6
Gas "A"	200	£12⅛	−⅛
Guardian R.E.	294	899	+2
GKN	941	320	—
Guinness	1,600	319	+19
Hanson Trust	5,800	162	−½
Hawker Sidd	38	505	—
Hillsdown Hlgs	1,200	262	−3
ICI	1,400	£13⅞	−⅛
Imp. Cont. Gas	937	750	—

Stock	Volume 000's	Closing price	Day's change
Jaguar	1,600	583	[illegible]
Ladbroke	1,600	428	[illegible]
Land Securities	2,300	398	[illegible]
Legal & Gen.	765	272	[illegible]
Lloyds Bank	319	489	[illegible]
Lonrho	1,400	279½	[illegible]
MEPC	693	376	[illegible]
Marks & Spncr	3,700	215	[illegible]
Midland Bank	388	602	[illegible]
NatWest Bank	1,000	582	[illegible]
Pearson	2,600	613	[illegible]
P & O	258	614	[illegible]
Pilkington Bros	403	768	[illegible]
Plessey	6,800	238	[illegible]
Prudential	388	829	[illegible]
Racal	1,300	226	[illegible]
Rank Org	89	646	[illegible]
RHM	864	310	[illegible]
Reckitt & Col	81	949	[illegible]
Redland	2,300	437	[illegible]
Reed Intl.	225	386	[illegible]
Reuters	517	697	[illegible]
RMC	161	787	[illegible]
RTZ	1,800	849	[illegible]
Rowntree Mac	671	490	[illegible]
Ryl Bnk of Scotland	589	322	[illegible]
Royal Insurance	269	949	[illegible]
STC	1,100	247	[illegible]
Saatchi & Saatchi	1,100	682	[illegible]
Sainsbury	411	478	[illegible]
Sears	6,400	129½	[illegible]
Sedgwick	1,700	315	[illegible]
Shell Trans	3,500	£12$\frac{1}{16}$	[illegible]
Smith & Nephew	1,600	150	[illegible]
Standard Chart	1,200	829	[illegible]
Storehouse	569	292	[illegible]
Sun Alliance	1,700	822	[illegible]
TSB	3,400	84½	[illegible]
Tarmac	1,100	494	[illegible]
Tesco	344	472	[illegible]
Thorn EMI	1,500	636	[illegible]
Trafalgar House	463	325	[illegible]
T'house Forte	1,200	229	[illegible]
Unigate	428	365	[illegible]
Unilever	384	£26$\frac{1}{16}$	[illegible]
United Biscuits	737	275	[illegible]
Wellcome	5,100	372	[illegible]
Whitbread 'A'	1,700	321	[illegible]
Woolworth	251	797	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Corporations, Dominion and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Properties	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	657	1,234	933

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Equity groups & sub-sections	Wednesday April 8 1987: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues April 7 Index No.	Mon April 6 Index No.	Fri April 3 Index No.	Year ago (approx.) Index No.
[illegible]										

	Index No.	Day's Change	Day's High	Day's Low	April 7	April 6	April 3	April 2	April 1	Year ago
FT-SE 100 SHARE INDEX ♦	1976.7	−10.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Wed April 8	Day's change %	Tues April 7	xd adj. today	xd adj. 1987 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Wed April 8	Tues April 7	Year ago (approx.)
[illegible]			

♦Opening index 1969.4; 10 am 1961.7; 11 am 1964.2; Noon 1971.4; 1 pm 1977.5; 2 pm 1978.5; 3 pm 1976.2; 3.30 pm 1975.5; 4 pm 1976.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*384)	330	55	63	70	1	4	7
	360	25	42	53	1	13	17
	390	6	24	35	12	25	30
	420	1	12	20	40	45	50
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*316)	280	43	58	63	3	13	19
	300	32	48	53	12	20	27
	330	14	25	38	21	35	37
	360	5	15	—	47	53	—
Ladbroke (*427)	343	88	93	—	1	2	—
[illegible]							

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
[illegible]							

[illegible]

WORLD STOCK MARKETS

AUSTRIA

April 8	Price Sch.	+ or —
Credi'nst'lt pp	2,046	+5
Goesser	3,100	......
Interunfall	12,800	+50
Jungbunzlauer	9,110	+50
Laenderbank	1,940	—70
Perlmooser	699	—1
Steyr Daimler	146	......
Veitscher Mag	886	......

BELGIUM/LUXEMBOURG

April 8	Price Frs.	+ or —
B.B.L.	3,190	—10
Banq.Gen. Lux	15,400	......
Banq.Int.A.Lux	14,600	......
Bekaert	10,650	—100
Ciment CBR	5,300	—30
Cockerill	139	—1
Delhaize	3,350	+45
EBES	5,510	+10
Fabrique Nat	1,850	—75
GB Inno BM	1,050	+2
GBL (Brux)	3,825	+15
Generale Bank	6,820	+20
Gevaert	6,800	......
Hoboken	7,120	+20
Intercom	4,320	+20
Kredietbank	4,580	+180
Pan Holding	11,700	+200
Petrofina	10,575	+125
Royale Belge	24,605	+25
Soc.Gen. Belge	3,620	+70
Sofina	13,925	—125
Solvay	10,300	—75
Stanwick Int	430	......
Tractebel	7,190	......
UCB	10,000	+20
Wagons Lits	5,710	+10

DENMARK

April 8	Price Knr %	+ or —
Baltca Skand	875	+10
Cop Handels'nk	255	—3
D. Sukkerfab	334	+3
Danske Bank	334	—3
East Asiatic	181	+2
Forenede Brygg	850	—10
GNT Hld	260	......
I.S.S.B	750	+10
Jyske Bank	505	—5
Novo Inds*	268	—9
Privatbanken	270	—3
Sophus Berend	790	......
Superfos	193	—6

FINLAND

April 8	Price Mks	+ or —
Amer	225.5	+0.5
KOP	45.2	—0.5
Kone	207.5	+2.5
Finnish Sugar	98.10	—0.55
Nokia	153.5	—3
Pohjola 'B'	89.2	—1.8
Rauma-Repola	22.75	......
Stockmann 'B'	208	—1
UBF 'C'	33.05	+0.5
Wartsila (311)	200	—0.5

NETHERLANDS

April 8	Price Fls	+ or —
ACF Holdings	54.7	—0.3
AEGON	93.8	+0.4
Ahold	113	+0.5
AKZO	140	+0.4
ABN	538	......
AMEV	72.2	—0.3
AMRO	85.1	—0.5
Bredero Cert	50	......
Buehrmann Tet	55.2	—0.3
Dordtsche Pet'm	234.2	+2.7
Elsevier-NDU	365	+2
Fokker	50.9	—0.1
Gist Brocades	45.8	—0.6
Heineken	178.7	+1.2
Hoogovens	35.8	—0.2
Hunter Doug NV	55.3	+0.6

GERMANY

April 8	Price Dm.	+ or —
AEG	317.5	+2.5
Allianz Vers	1,845	......
BASF	276.9	+0.8
Bayer	318.3	+1.3
Bayer-Hypo	438	—11
Bayer-Verein	453	—11
BHF Bank	448	+5
BMW	552	......
Brown Boveri	315	—4.5
Commerzbank	276	—2
Cont'l Gummi	340	+6.2
Daimler-Benz	1,028.5	+6.5
Degussa	501	+10
D'sche Babcock	213	+7
Deutsche Bank	686	—1
Dresdner Bank	356.5	+0.5
Feld-Muehle Nbl	295.1	+0.1
Henkel	488	—1
Hochtief	757	—2
Hoechst	278.8	—0.5
Hoesch Werke	109.5	—0.5
Holzmann (P)	442	......
Horten	250	+1
Hussel	600	+5
Karstadt	431.5	+4.3
Kaufhof	484	+3.5
KHD	155.5	+3
Kloeckner	69.5	—0.2
Linde	680	......
Lufthansa	190	+2
MAN	181	+1
Mannesmann	182.8	+4.5
Mercedes Hld	570	+2
Metallgesell	300.5	—1.5
Muench Rueck	1,920	—38
Nixdorf	798	+17
Porsche	895	+5
Preussag	184	+0.8
Rhein West Elect	225.5	+2.5
Rosenthal	260	+6
Schering	622.5	+1.5
Siemens	721.4	+4.9
Thyssen	119	—0.2
Varta	350	+5
Veba	278	+2
V.E.W.	162	+2
Verein-West	430	......
Volkswagen	367.2	+0.7

ITALY

April 8	Price Lira	+ or —
Banca Com'le	23,600	—10
Bastogi-IRBS	655.5	—1.5
C.I.R.	6,350	—140
Credito Italiano	2,380xa	—4
Fiat	12,950	—200
General Assicur	134,200	—600
Italcementi	90,810	—1,449
La Rinascente	1,230	—30
Montedison	2,825	—15
Olivetti	12,850	+50
Pirelli Co	7,095	—94
Pirelli Spa	5,350	—31
Saipem	4,510	—30
Snia BPD	4,841	—89
Toro Assic	32,500	—100

FRANCE

April 8	Price Frs.	+ or —
Emprunt 4½% 1973	1,600	+3
Emprunt 7% 1973	6,080	—20
Accor	551	—9
Air Liquide	735	......
BIC	838	+8
BNP	1,218	—12
Bongrain	2,670	—50
Bouygues	1,435	—15
BSN Gervais	5,220	—110
CIT Alcatel	2,895	—45
Carrefour	3,900	+5
Club Mediter'n	580	—1
Cie Bancaire	770xc	—36
Cofimeg	379.8	+1.9
Damart	2,980	—13
Darty	495	+4
Dumez S.A.	2,410	+15
Eaux (Cie Gen)	150.5	—7
Elf Aquitaine	341.9	+0.9
Essilor	3,320	—40
Gen.Occidentale	1,330	—8
Imetal	115.1	—0.1
Lafarge Coppee	1,645	—5
L'Oreal	4,310	—30

NORWAY

April 8	Price Kroner	+ or —
Bergens Bank	180	—3
Borgesen B.	305	—3
Christiania Bank	184	......
DenNorske Cred.	160	—2
Elkem	106	+1
Kosmos	148	......
Kvaerner	192	+2
Norcem	132.5	—3.5
Norsk Data	240	—3
Norsk Hydro	186.5	+2
Orkla-Borregaad	444	—6
Storebrand	359	—3.5

SPAIN

April 8	Price Pta %	+ or —
Bco Bilbao	1,475	—14
Bco Central	1,045	......
Bco Exterior	460	+19
Bco Hispano	590	—5
Bco Popular	1,505	—40
Bco Santander	1,168	+27
Bco Vizcaya	1,680	—20
Banesto	730	......
Dragados	660	+6
Hidrola	70	......
Iberduero	103.2	—1.3
Petroleos	506	+1
Telefonica	158.5	—0.2

SWEDEN

April 8	Price Kronor	+ or —
AGA	195	—1
Alfa-Laval B	518	—4
ASEA (Free)	325	—4
Astra (Free)	642	+7
Atlas Copco	170	—2
Beijer A B	229	+1
Cardo (Free)	175	......
Cellulosa	335	—2
Electrolux B	319	—1
Ericsson B	272	+7
Esselte	149	+2
Mo och Domsjo	300	—5
Pharmacia	215	—1
Saab Scania Free	717	+7
Sandvik	168	—2
Skandia	159	—2
Skan Enskilda	122	—2
SKF	366	+6
Stora Kopparberg	345	......
Sven. Handelsbk	440	......
Swedish Match	468	+3
Volvo B (Free)	320	—5

SWITZERLAND

April 8	Price Frs.	+ or —
Adia Intl	12,000	—100
Alusuisse	510	+10
Bank Leu	3,300	—10
Brown Boveri	1,840	+10
Ciba Geigy	3,310	—30
do. (Part Certs)	2,300	—25
Credit Suisse	3,175	......
Elektrowatt	3,725	—50
Fischer (Geo)	1,740	......
Hoff-Roche PtCts	156,500	—1750
Hoff-Roche 1/10	15,700	+75
Jacobs Suchard	8,720	+40
Jelmoli	3,525	—75
Landis & Gyr	1,635	+5
Nestle	9,550	......
Oer.Buehrle	1,220	—20
Pargesa Hldgs	2,080	......
Pirelli	440	—1
Sandoz (Br)	11,125	—125
Sandoz (Pt Cts)	1,780	+10
Schindler (PtCts)	785	+5
Sika	1,675	—50
Surveillance A	8,575	+50
Swissair	1,225	—10
Swiss Bank	457	—2
Swiss Reinsce	16,900	—50
Swiss Volksbk	2,240	—10
Union Bank	5,225	—50
Winterthur Inh	6,500	—50
Zurich Ins	7,460	—55

AUSTRALIA

April 8	Price Aust. $	+ or —
ACI Intl	3.8	—0.1

AUSTRALIA (continued)

April 8	Price Aust. $	+ or —
Gen. Prop. Trust	2.9	+0.05
Hardie (James)	4.75	—0.03
Hartogen Energy	3.25	+0.05
HeraldW'y Times	18.30	......
ICI Aust	4	......
Industrial Equity	5.2	—0.08
Jimberlana F.P.	0.73	+0.04
Kia Ora Gold	0.95	+0.05
Kidston Gold	8.1	......
Lend Lease	13	......
MIM	3.05	—0.05
Mayne Nickless	4.75	......
Nat. Aust. Bank	5.6	+0.1
News	24	—0.3
Noranda Pacific	4.35	—0.05
North Bkn Hill	2.99	—0.15
Oakbridge	0.70	—0.05
Pacific Dunlop	4.65	—0.01
Pancontinental	3.65	—0.05
Pioneer Conc	3.65	+0.1
Placer Pacific	3.3	—0.02
Poseidon	12	+0.1
Queensland Coal	1.37	+0.02
Santos	5.5	......
Smith Howard	4.95	......
T.N.T	4.6	—0.2
Tooth	7.30	—0.05
Vamgas	2.8	......
Western Mining	8.70	+0.55
Westpac Bank	5.02	+0.12
Woodside Petrol	2.15	+0.05
Woolworths	3.5	......
Wormald Intl	3.45	......

HONG KONG

April 8	Price H.K.$	+ or —
Bank East Asia	19	+0.1
Cathay Pacific	5.8	+0.15
Cheung Kong	42.75	+1.00
China Light	21.8	+0.4
Evergo	0.72	+0.01
Hang Seng Bank	52.5	+1.5
Henderson Land	5.4	+0.3
HK China Gas	15.7	+0.5
HK Electric	13.7	+0.7
HK Land	7.65	+0.2
HK Shanghai Bk	8.4xa	+0.1
HK Telephone	13	+0.4
Hutchison Wpa	52	+1

JAPAN (continued)

April 8	Price Yen	+ or —
MHI	596	+1
Mitsui Bank	1,620	......
Mitsui Co	772	+24
Mitsui Estate	2,590	—60
Mitsui Toatsu	642	+
Mitsukoshi	1,50	......
NGK Insulators	850	+26
Nikko Sec	2,545	+100
Nippon Denso	1,290	......
Nippon Elect	1,500	—20
Nippon Express	1,600	......
Nippon Gakki	1,300	—30
Nippon Kogaku	500	+5
Nippon Kokan	355	+4
Nippon Oil	1,412	......
Nippon Seiko	488	+16
Nippon Shimpan	1,090	—10
Nippon Steel	384	+3
Nippon Suisan	660	—5
Nippon Yusen	690	+4
Nissan Motor	625	—8
Nisshin Flour	1,080	+80
Nomura	5,010	+110
Olympus	1,030	—10
Onoda Cement	742	+5
Orient Finance	1,160	+20
Orient Leasing	3,490	......
Pioneer	1,820	+50
Ricoh	794	+35
Sankyo	1,730	—20
Sanwa Bank	2,800	+90
Sanyo Elect	435	—6
Sapporo	1,750	+10
Sekisui House	1,920	+20
Seven Eleven	7,000	+70
Sharp	871	—29
Shimizu Constn	1,130	—20
Shionogi	1,780	+10
Shiseido	1,740	—30
Showa Denko	688	—2
Sony	2,860	......
S'tomo Bank	3,800	+110
S'tomo Chem	865	+35
S'tomo Corp	1,110	—10
S'tomo Elect	1,640	—20
S'tomo Metal	245	......
Taisei Corp	1,260	......
Taisho Marine	1,150	+20
Taiyo Kobe Bank	1,620	+40
Takeda	3,180	......
TDK	2,970	+90
Teijin	850	+30
Toa Nenryo	1,690	—90
Tokai Bank	1,850	+70
Tokio Marine	2,300	+20
Tokyo Elec Pwr	9,040	—20

CANADA

Indices

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 47

TOKYO – Most Active Stocks
Wednesday, April 8, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	311.48m	384	+3	Kawasaki Steel	58.30m	272	+7
Nippon Kokan	152.79m	351	+4	Kawasaki Heavy Ind.	48.08m	284	+9
Ishikawajima Harima	106.86m	644	+19	Mitsui and Co.	45.84m	772	+24
Mitsui Eng. & Ship	88.27m	309	+15	Showa Denko	38.06m	688	−2
Mitsui Toatsu Chem.	55.22m	642	+22	Japan Steel Works	34.28m	482	−17

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Fir Bos Inco	4,253,400	18	unch	Cons Ent	1,839,300	16¾	− ¾
P Svc Col	4,087,900	20	+ ⅛	Nat Semi	1,576,500	14¾	− ¼
United Air	3,364,800	71	+5¼	Southern	1,516,500	24⅝	− ⅞
Texaco	2,754,300	33⅞	− ⅛	IBM	1,480,800	147⅞	+ ⅞
USX Corp	2,885,800	23⅞	−1	Can-Pacif	1,317,700	19⅛	+ ⅛

Advances 895 Declines 651

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Ashley Ind.	80	+ 10
Bowater Inds.	513	+ 45
Brit. Dradg	128	+ 8
Brixton Est	202	+ 6
Bunzl	223	+ 7
Cent Nors Gld	£11	+ ½
Chapman Inds.	265	+ 19
Common Bros.	34	+ 5
Cons. Gold Flds	945	+ 25
Edin Fund Man	300	+ 10
Ennex Intl.	51	+ 8
Ford (Martin)	98	+ 9
GEC	206	+ 4
Green Whitley	238	+ 9
Lamont Hldgs	270	+ 15
Minet Hldgs.	282	+ 19
P Hich Leis.	70	+ 9
Perry Gr	233	+ 15
Rover Gr	61	+ 6
Sharna Ware	125	+ 55
Wardle Stor	465	+ 18
Watmoughs	420	+ 25
West Mining	378	+ 22
Whim Creek	495	+ 15

FALLS:

Asso Brit Ports	470	− 13
Beecham	509	− 13
Holmes Protec	184	− 8
Mercant House	330	− 6
Redland	437	− 14
Wellcome	372	− 12

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅛	AAR s	.60	1.5	23	357	33⅛	32⅞	33	+⅛
37	21⅞	ADT	.92	2.7	19	185	34⅛	34	34	
41½	23⅝	AFG	.12e	.3	11	421	38⅝	37½	38⅛	−⅝
40¼	16¾	AGS			21	134	37⅝	36	36	−1¼
14¼	6¾	AMCA				16	8⅞	8¾	8¾	−⅛
9⅝	4⅞	AM Ind				3003	7¼	6¾	7¼	
62⅞	47¼	AMR			12	7793	55⅛	53½	54¼	+1
27½	25	ANR pf	2.67	10.		2	26½	26½	26½	
12⅞	8	ARX s			13	151	10¾	10½	10½	
63⅞	28¾	ASA	2a	3.1		1302	u64	62¼	64	+1⅝
19	9¾	AVX		1.8		460	18	17¼	17⅝	−¾
32¾	26½	AZP	2.72	9.1	10	1686	30⅝	29⅝	29⅝	−½
67	39¾	AbtLb s	1	1.6	28	3434	64½	62¾	63⅞	+1⅛
34¾	25	AccoWd	.62	1.8	21	58	34	33⅝	33⅝	−⅜
14	9	AcmeC	.40	3.1	24	90	12⅞	12⅝	12¾	
8½	6⅛	AcmeE	.32b	4.1	27	9	8	7⅞	7⅞	+⅛
23⅞	18¾	AdaEx	3.42e	16.		138	22⅛	21½	21⅝	−½
19½	11⅝	AdmMl s	.24	1.3	15	16	18¾	18⅝	18⅝	−⅛
21½	12⅛	AdvSys	.62t	3.0	16	51	21¼	20¾	21	
31½	12⅞	AMD				4165	20½	19¾	20⅛	−⅛
52⅝	49⅝	AMD pf	3	5.9		402	51	50⅝	51	+¼
10¾	5¼	Adobe				62	10¼	9⅞	9⅞	−⅜
20½	13¾	Adob pf	1.84	9.2		6	20	20	20	+¼
21⅞	16⅝	Adob pf	2.40	11.		2	21⅛	21⅛	21⅛	−⅛

Continued on Page 47

NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26	17⅛	PhilaEl	2.20	10.	8	6316	21¾	21⅛	21⅝	+⅛
43⅞	34	PhE	pfA3.80	10.		z240	39	38	38	−⅛
49	38	PhE	pfC4.40	10.		z330	44½	44	44	−½
87⅛	61	PhE	pfE 7	8.4		z40	83	83	83	−1
97⅛	77	PhE	pfG8.75	9.8		z100	89	89	89	−1
13⅞	11¾	PhE	pfR1.41	11.		21	12⅝	12½	12⅝	
13¼	10⅞	PhE	pfP1.33	11.		73	12	11¾	11⅞	
88⅝	69½	PhE	pfH7.85	9.8		z370	80	79	80	
12⅞	10⅝	PhE	pfO1.28	11.		117	11⅝	11⅝	11⅝	
134¼	109⅝	PhE	pfN17.13	15.		z110	111	111	111	
124	110	PhE	pfM15.25	14.		z50	112⅝	112⅝	112⅝	+⅜
105	89	PhE	pfL9.52	9.3		z350	102	102	102	+⅝
103	84	PhE	pfK9.50	9.8		z150	97	96⅞	96⅞	−⅝
88	69	PhE	pfJ7.80	9.9		z20	79	79	79	−1½
85	68	PhE	pfI7.75	10.		z70	78	77	77	−½
19¼	12⅝	PhilSb s	.94	6.0	13	98	15¾	15⅝	15⅝	
92¼	56	PhilMr	3	3.4	14	14956	89½	87¼	89½	+2½
22	13	PhilpI s	.36	1.7	18	962	20¾	20¼	20¾	+⅛
17	8¼	PhilPet	.60	3.8	18	10744	16½	15⅞	15⅞	−⅝
24¾	19¼	PhlPt	pf1.87e	7.6		36	24½	24½	24½	−⅛
46⅞	33⅝	PhilVH	.70	1.5	15	104	u46¾	45⅝	46¾	+1½
13½	7⅞	Phlcrp n				127	8⅝	8	8¼	
71	35¾	PiedAv	.32	.5	19	50	68	67¾	67¾	
67¾	67⅝	PiedAvwd				567	67¾	67⅝	67¾	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
41½	29¼	Whrlpl s	1.10	2.8	14	2742	38⅝	38⅛	38⅝	+⅞
38⅛	21	Whitehl			444	70	26⅜	26⅛	26⅜	
35	23	Whittak	.60	1.7	102	63	34⅞	34⅝	34¾	−⅛
17¼	8¼	Wilfred	.12	1.5	11	205	8⅝	d	8	8
25⅜	11⅞	WillcxG	.15	.7	15	229	21¾	21¾	21¾	
34¾	17⅝	William	1.40	4.3		904	32¾	32⅛	32⅝	+⅝
17¾	15½	Winchl n	.45e	2.8		129	16⅝	15½	16¼	+¾
59	36¼	WinDix	1.80	3.9	18	298	47	46	46⅝	+⅝
20¾	9	Winnbg	.20	1.5	18	611	14	13⅝	13¾	−⅛
6½	3⅛	Winner				14	3⅜	3¼	3¼	
10⅝	6¾	WinterJ	.16e	2.6	22	75	6⅝	6⅛	6⅛	−⅜
54½	46⅛	WiscEn	2.68	5.7	10	1087	47⅞	47	47⅛	−⅞
103	93	WisE	pf7.75	7.5		z80	u103½	103	103½	+1½
31	28	WisG	pf2.55	9.2		1	27¾	27¾	27¾	
60¼	44¾	WiscPL	3.04	6.4	11	202	48	47¼	47¾	
68	45⅝	WiscPS	3	6.3	12	51	48	47½	47½	−¼
47⅜	31⅛	Witco s	1.12	2.5	15	936	45½	44¼	45⅝	+1⅛
12⅝	8⅛	WolvrW				265	12¼	11⅞	12	−¼
54	35⅞	Wlwth s	1.12	2.1	16	1455	52⅞	52	52⅞	+⅝
7¼	2	WrldAr				38	6½	6⅜	6½	−⅛
19¾	14⅝	WrldVl n				42	18	17⅝	18	+¼
54	34⅝	Wrigly s	1.04	2.1	19	137	50½	48⅞	49½	−⅛
3⅞	1⅜	Wurltzr				41	2½	2½	2½	−⅛
18⅝	11	WyleLb	.32	1.7	34	209	18⅝	18⅜	18⅜	+⅜
25¾	17⅛	Wynns	.60	2.8	13	139	22¾	21¾	21¾	−⅝
		X Y Z								
78⅝	46⅝	Xerox	3	3.9	20	4807	76⅝	75⅞	76½	+⅜
58¼	55	Xerox	pf5.45	9.8		22	55⅞	55⅝	55⅞	
28¾	21½	XTRA	.64	2.6		55	24⅞	24¾	24¾	
21¼	13½	Yorkln			23	281	20¾	20	20½	+¾
6	2¼	Zapata				1018	4⅝	4⅜	4⅝	+⅛
43⅞	20¾	Zayre s	.32	1.1	18	3444	28⅛	27⅞	27⅞	−¼
14¾	9¾	Zemex	.40	3.0	9	30	13⅞	13¼	13½	−¼
29⅞	16⅞	ZenithE				1046	26⅞	25¾	26½	+⅜
18¼	6	ZenLb s				1489	12⅝	12	12⅛	−⅛
21	12⅝	Zero	.36	2.0	19	65	18⅛	17¾	18⅛	+⅛
51½	32¾	Zurnin	1.32	2.6	20	121	u51¾	50⅝	51¼	+⅝
10⅝	8¾	Zweig n	.10e	1.1		850	9⅝	9⅜	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 45

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Early recovery weakens in final hour

WALL STREET

A BRAVE ATTEMPT to rally was staged by Wall Street stocks yesterday, but prices displayed some fragility in the final hour of trading, *writes Roderick Oram in New York.*

By the close the Dow Jones industrial average was 11.22 higher at 2,372.16, having shown a gain of 25 points in early trading and a drop of over 8 points half an hour before the end of the session.

Bond prices showed a gain of up to ⅜ of a point in key issues, which drew support from a somewhat firmer dollar.

The stock performance was in sharp contrast to the downturn late on Tuesday evening when bond and stock markets turned pessimistic about the possibility of higher interest rates following comments from senior Reagan Administration officials about the dollar.

In the takeover arena, Burlington Industries soared $5⅞ to $53½ after its opening had been delayed by an order imbalance. Mr Asher Edeleman, a New York corporate raider, declined to comment on newspaper reports that he and Dominion Textile had built up a 4.9 per cent stake in the largest US textiles producer.

Alexander's jumped $4⅛ to $47⅞. The New York region department stores chain is discussing a $47 a share takeover offer from Mr Donald Trump, the New York property developer, and Interstate Properties.

Conrac added $⅝ to $29⅝. The manufacturer of instruments and telecommunications equipment, which recently fought off a takeover offer from Mark IV Industries, said it was discussing its sale with several parties.

General Electric closed $⅛ higher at $108¾ after showing early gains of $1⅞. Boeing selected GE engines for its 7J7 airliner which is still under development.

Fleet Financial gained $½ to $28⅝. The largest bank holding company in the north-eastern US reported first-quarter net profits of 73 cents a share against 63 cents a year earlier.

J. P. Morgan added $½ to $42⅞ after turning in slightly lower first-quarter net profits of $1.22 a share against $1.28. Bankers Trust, up $½ to $46¾, put $540m of its loans to Brazil on a non-accrual basis.

Among other companies reporting higher quarterly results, Mead surrendered an early $¾ to finish $1⅞ lower at $69⅞, Rubbermaid jumped $1⅛ to $28, Colt Industries reversed an early fall of $⅛ to finish the day $½ ahead at $15⅛, General Instrument turned a mid-session loss of $⅝ into a closing gain of $1⅜ to $29⅞ and Raytheon rose $¾ to $79½.

Compaq Computer advanced $1⅜ to $32⅞. It said it was expecting first-quarter sales of around $200m against analysts estimates of $165m–$185m and better profits than the 42 cents a share forecast.

Upjohn lost an early $1 to end $1⅛ off at $126⅞. It said it was considering legal action against 20 companies for alleged infringement of its patents on Minoxidil, a baldness treatment which is seen as potentially highly profitable.

Other drug stocks recovered partially from their sharp losses on Tuesday. Squibb was up $⅞ to $156½, Merck added $2⅞ to $162⅝, Pfizer edged up $¼ to $73¼ and Abbott Laboratories rose $1⅞ to $63⅞.

Woolworth added $⅝ to $52⅞ after raising its quarterly dividend to 33 cents a share from 28 cents.

Following on from gains in bond and currency markets abroad over night, the dollar and Treasury securities opened stronger in New York.

The price of the 7.50 per cent benchmark Treasury long bond rose ⅜ of a point to 95¹⁵⁄₃₂ by early afternoon at which it yielded 7.90 per cent. Short maturity securities, which had not joined Tuesday evening's sell-off, showed declines of up to five basis points.

The markets were buoyed by growing optimism about successful talks on international economic co-operation in Washington yesterday between officials of leading industrialised countries.

In addition, reports from Tokyo suggested that the US would offer soon in Japanese markets yen denominated US Treasury securities. "Carter Bonds," the previous attempt nine years ago at such a flotation, drew only moderate investor demand. In theory, a yen bond would reduce Japanese investors' worries about the impact of the dollar's decline on dollar-denominated bonds. However, there were no signs that Washington was making plans for the securities.

CANADA

GOLDS, METALS and mines helped pull Toronto share prices upwards in very active trade despite weakness in oils, industrials and utilities.

Resource stocks continued to be the most actively traded. Top of the list was Falconbridge, which edged C$⅛ higher to C$19⅞. Shell Canada climbed C$1.00 to C$43⅜, and the troubled Dome Petroleum recovered 4 cents to C$1.16.

Dominion Textile added C$1½ to C$21 in modest trade and refused to comment on what it called rumours that the company was considering making a joint bid for New York-listed Burlington Industries.

Golds continued firm, with Hemlo Gold up C$1⅛ to C$28½. Placer added C$1½ to C$48⅝, and Lacana Mining was a further C$⅝ up at C$18⅞.

Oil and gas stocks fell back, Gulf Canada by C$¼ to C$28⅝. Non-precious metals improved.

Montreal fell slightly while Vancouver gained.

Maggie Ford looks at the problems caused by a surfeit of capital

Seoul deters foreign investors

FOREIGN investment in the South Korean stock market will have to wait because monetary officials are having so much difficulty managing the inflow of funds caused by the country's $4.2bn trade surplus, a senior official said yesterday.

Dr Kim Mahn Je, Deputy Prime Minister and chief of the economic planning board, said that, until the problems caused by the inflow had been overcome, the Government could not encourage any additional foreign capital to enter the country.

Money supply in South Korea grew at 18 per cent last year and is projected at the same level this year. But the inflow of capital generated by the trading performance has caused the stock market to boom, with a 50 per cent rise in the composite stock index in the first quarter of the year.

Dr Kim said that the Government still planned to try to regulate the market by increasing the supply of new issues, partly through privatisation of state-owned companies. He said, however, that some demand management would be necessary, especially where the value of stocks exceeded the value of companies, such as in the construction industry.

Shares in construction companies have boomed since the announcement of a government rationalisation plan at the weekend. Securities companies' shares have also risen on the back of rumours of a rationalisation in the sector, but Dr Kim said he believed there would be no drastic change this year.

The Seoul index closed 14.92 points down yesterday at 375.32 with shares in financial institutions and construction companies falling to their trading limit. Volume at 41.7m shares was restricted because so many shares dropped to their floor.

Investors were unsettled in the morning as rumours continued to circulate that the Ministry of Finance would take further measures to curb the market. Investment companies have already been told that they must sell up to half their shares over the next few months. The Government is also planning to investigate holders with large accounts or a large block of shares in any individual company.

Anaysts said the market could continue to decline as investors digest the government approach over the next few weeks.

The strength of the market, which broke the 400 barrier for the first time last week, has generated strong confidence in the Korea Eurofund which started on Monday. Shares in the fund opened at $28 bid and $30 offered – a premium of almost 200 per cent over the issue price of $10 plus fees. The premium fell to $25/$27 yesterday.

Foreign investors can also invest in South Korean companies through convertible bonds on the Euromarket. Three have already been issued, and more were expected this year. Dr Kim said yesterday that, while the issue of more such bonds should not be encouraged, it would not be prevented either.

EUROPE

Exporters shine in Frankfurt

DOMESTIC concerns largely preoccupied European bourses, with most closing steady or moderately lower. Notable exceptions were Frankfurt, which firmed with the dollar, and Stockholm, which continued its record surge.

Frankfurt recovered ground as foreign and domestic investors responded late in the session to the dollar's rise by chasing export-oriented stocks. The market opened easier on Wall Street's overnight fall, and the mid-session Commerzbank index lost 9.5 to 1,846.2.

Among the brightest performers was Nixdorf, which recovered DM 17 to DM 798 on further consideration of Tuesday's news of better profits.

Cars fared best among exporters. VW was 70 pfg stronger at DM 367.20 prior to today's expected formal confirmation of its profit and dividend payout. Daimler was DM 6.50 better at DM 1,028.50, Porsche added DM 5 to DM 895 and BMW was steady at DM 532.

Bonds rose slightly, and the Bundesbank sold DM 50.2m after buying DM 109.9m on Tuesday.

Stockholm continued its record run, cheered by an early rise on Wall Street and more buying from public savings funds.

Ericsson was again the busiest stock, picking up SKr 7 to SKr 272 following news on Tuesday of a big US contract.

The Veckans Affarer all-share index edged up 1.1 to 971.0 as turnover swelled by SKr 68m to SKr 568 from Tuesday.

Zurich eased as institutional investors took profits, particularly from banking and insurance stocks. Union Bank of Switzerland bearer led the falls, down SFr 50 to SFr 5,225.

Among insurers and holdings, Swiss Re registered lost SFr 50 to SFr 7,425 and National registered was SFr 100 off at SFr 8,500. However, Helvetia registered picked up SFr 50 as the market digested recent results.

Paris closed lower in moderate trade after a partial rally from a sharp early fall caused by market rumours that the Government might try to finance its social security budget deficit through a tax on stock exchange transactions.

Cie Bancaire led falls, losing FFr 35 to FFr 770, with Hachette down FFr 113 to FFr 3,025 and Printemps FFr 29 lower at FFr 765.

Drinks group Moët-Hennessy checked its bad run to gain FFr 80 to FFr 2,450. Other rises included food group Saint Louis Bouchon, up FFr 112 to FFr 1,160 and its recently acquired subsidiary Lesieur, which gained FFr 98 to a year's high of FFr 1,990.

Brussels was mixed in quiet trade. The Brussels SE index was up 21.63 at 4,533.35.

Petrofina moved up BFr 225 to BFr 10,575, boosted by the launch of a Swiss franc bond with warrants attached.

Royale Belge continued its recent gains to add BFr 225 to BFr 6,050 in a generally strong insurance sector.

Amsterdam closed mixed but gained late support from Frankfurt's stronger close.

Most blue chips did well, Akzo climbing 40 cents to Fl 140.000 and Unilever was Fl 1.30 firmer at Fl 599.80 on news it had issued a prospectus for the sale of Stauffer Chemical which it acquired with the takeover of Chesebrough Pond's.

Philips shed 30 cents to Fl 52.80 despite forecasting better first quarter turnover.

Milan was down, depressed by the Christian Democrats' withdrawal from the governing coalition. Trading revolved largely around Fiat, which lost L200 to L12,950, Montedison, also down L15 to L2,825, insurers, financials and some bank stocks.

Pirelli SpA lost L31 to L5,350 amid news of a 48 per cent profits rise.

Madrid rallied in light trade, with the general index up 0.27 to 221.45. Construction stocks, foods and steels all fared strongly.

Oslo was mixed amid profit-taking after last week's rally. Oils advanced as the spot oil price firmed.

Norsk Hydro reached a year's high of NKr 186.50, a rise of NKr 3.

LONDON EASES

DESPITE RALLYING from an early fall sparked by Wall Street's overnight losses and warnings by US Federal Reserve chief Mr Paul Volcker over the falling dollar, equity prices moved lower in cautious trade.

The FT-SE 100 index lost 10.3 to 1,976.7, and the FT Ordinary index was 5.9 off at 1,558.6.

Government bonds firmed as the dollar steadied. Details, Page 44

SOUTH AFRICA

HEALTHY domestic and overseas interest in gold shares kept their prices buoyant in Johannesburg despite the resurgence of the dollar on world markets.

Vaal Reefs kept up momentum with a R11 improvement to R409.00. Western Deep Levels strengthened by R5 to R203.00, and Driefontein added R2.75 to R74.00. Lower-grade gold mining stocks also made up ground.

Platinums were in demand, with Impala 50 cents firmer at R48.50 and Rustenburg up 25 cents to R48.75. Samanco, the ferro-alloy and base metal share dipped by 5 cents to R8.25.

Mining houses and industrials mirrored the higher trend.

ASIA

Institutions push Nikkei to peak

TOKYO

DESPITE the overnight plunge on Wall Street, buying enthusiasm remained strong in Tokyo yesterday, driving share prices to yet another record high, *writes Shigeo Nishiwaki of Jiji Press.*

Institutional investors sought large capital stocks while constructions, AIDS-related stocks and financial issues were in the spotlight.

The Nikkei average ended at 22,912.99, up 128.34 points from the previous day, after gaining 194 points at one stage. Trading was very heavy at 1.99bn shares compared with 1.89bn on Tuesday. Advances led declines by 528 to 357, with 121 issues unchanged.

Strong buying interest reflected investor expectations of a further price rise in the weeks to come. But there remains concern over the market's direction because of precariously high price levels. In fact, selling increased toward the close of yesterday's trading.

Large capital steels and shipbuildings were the buying target of institutional investors seeking short-term capital gains. Nippon Steel topped the active list with 311.46m shares changing hands and rose Y3 to Y384. The issue climbed to a record Y392 at one stage, past its previous peak of Y390 reached on March 26.

Nippon Kokan, the second-busiest issue with 152.79m shares, advanced Y4 to Y351 while Ishikawajima-Harima Heavy Industries, third with 106.86m shares, ended Y19 higher at Y644. Mitsui Engineering and Shipbuilding, fourth with 88.27 shares, advanced Y15 to Y309.

Some AIDS-related stocks performed strongly, with Toray rising Y32 to Y752, Sumitomo Chemical Y35 to Y865 and Mitsubishi Chemical Y23 to Y913.

Constructions and housing-related issues drew popularity, helped by the Government's plans to expand domestic demand. Hasegawa Komuten climbed Y60 to Y1,470, Kumagai Gumi Y20 to Y1,300 and Kajima Corp Y20 to Y1,890.

Financial issues fared well. Sumitomo Bank closed Y110 higher at Y3,800, the Industrial Bank of Japan Y120 up at Y3,790 and Nomura Securities Y110 ahead at Y5,010.

Blue chips were out of favour. NEC shed Y20 to Y1,500 and Toyota Motor Y30 to Y1,540 although Matsushita Electric Industrial, which has been considered undervalued, rose Y50 to Y1,540.

Bond prices kept rising on dealers' buying, sending the yield on the benchmark 5.1 per cent government bond below 3.9 per cent for the first time.

The yield on the benchmark issue, maturing in June 1996, declined to 3.815 per cent at one stage before ending at 3.845 per cent.

SINGAPORE

LIGHT BUYING and short-covering pushed the Straits Times industrial index up 10.88 to a recored 1,085.40 in Singapore, with most attention focused on second-line issues as blue chips marked time.

Motor and oil stocks also saw some demand in generally quiet trading. The most active issue was again Tan Chong Motors, which rose 3½ cents to 59½ cents on 3.3m shares traded.

HONG KONG

A SURGE of buying took shares sharply higher in Hong Kong following news that the securities authorities were barring the issue of controversial B shares.

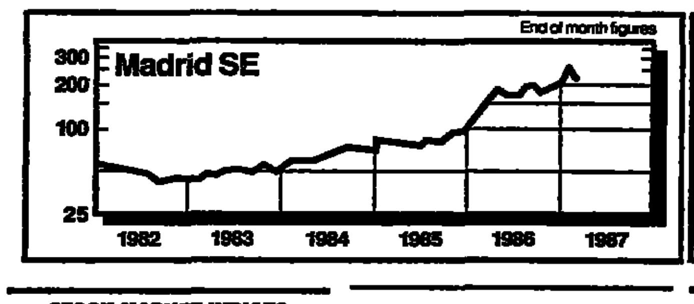
In heavy trading, the Hong Kong index added 41.92 to 1,755.73. Jardine alters issue terms, Page 30.

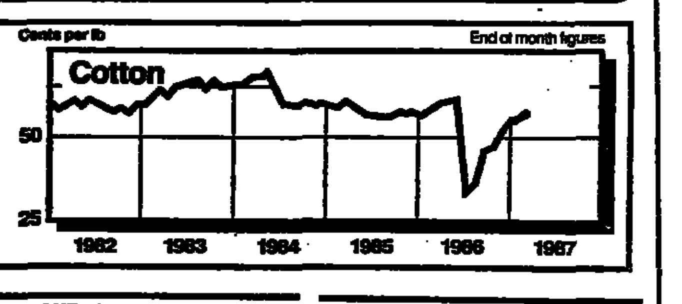
AUSTRALIA

FRESH interest in resources stocks following the rise in bullion prices helped to offset early losses in Sydney sparked by Wall Street's fall on Tuesday.

The All Ordinaries index edged ahead by 3.9 to finish at 1,759.0 on foreign and domestic buying.

KEY MARKET MONITORS





STOCK MARKET INDICES

	April 8	Previous	Year ago
NEW YORK			
DJ Industrials	2,372.16	2,360.94	1,769.76
DJ Transport	961.01	947.67	788.40
DJ Utilities	208.52	208.72	187.63
S&P Comp.	287.26	286.67	233.52
LONDON FT			
Ord	1,558.6	1,564.5	1,376.5
SE 100	n/a	1,987.0	1,675.7
A All-share	n/a	995.97	n/a
A 500	n/a	1,109.17	n/a
Gold mines	436.2	424.9	282.7
A Long gilt		9.12	7.60
World Act. Ind	$996.05	$995.97	$123.33
TOKYO			
Nikkei	22,912.99	22,784.65	15,041.1
Tokyo SE	1,961.92	1,942.07	1,203.00
AUSTRALIA			
All Ord.	1,759.0	1,755.1	1,148.3
Metals & Mins.	1,112.3	1,003.7	543.9
AUSTRIA			
Credit Aktien	201.33	202.55	116.57
BELGIAN SE	4,533.35	4,511.7	3,623.30
CANADA			
Toronto			
Met.& Mins.	2,743.0	2,732.1	2,273.0
Composite	3,866.9	3,871.0	233.52
Montreal			
Portfolio	1,920.52	1,922.51	1,589.53
DENMARK SE	200.20	199.40	248.77
FRANCE			
CAC Gen	449.70	453.40	367.1
Ind. Tendance	113.70	114.10	90.9
WEST GERMANY			
FAZ-Aktien	608.21	610.55	721.17
Commerzbank	1,846.20	1,855.70	2,192.0
HONG KONG Hang Seng	2,729.55	2,684.70	1,727.9
ITALY Banca Comm.	718.00	721.73	678.49
NETHERLANDS ANP CBS			
Gen	292.80	292.30	267.0
Ind	269.00	269.30	253.0
NORWAY Oslo SE	420.15	421.44	352.16
SINGAPORE Straits Times	1,085.40	1,074.50	591.36
SOUTH AFRICA JSE			
Golds	—	1,999.0	1,210.5
Industrials	—	1,757.00	1,129.3
SPAIN Madrid SE	221.54	221.27	158.07
SWEDEN J & P	2,635.00	2,624.30	2,292.52
SWITZERLAND Swiss Bank Ind	597.20	598.50	600.1

COMMODITIES (London)

	April 8	Prev
Silver (spot)	414.15p	416.35p
Copper (cash)	£914.50	£909.75
Coffee (July)	£1,300.00	£1,270.00
Oil (Brent)	$19.60	$19.40

GOLD ($/oz)

	April 8	Prev
London	$420.50	$419.50
Zürich	$420.45	$419.00
Paris (fixing)	$422.47	$419.44
Luxembourg	$423.05	$420.00
New York (June)	$424.10	$426.20

CURRENCIES (London)

	US DOLLAR April 8	US DOLLAR Previous	STERLING April 8	STERLING Previous
$	—	—	1.6125	1.6185
DM	1.8300	1.8285	2.955	2.955
Yen	145.55	145.30	235.00	235.25
FFr	6.1175	6.075	9.865	9.8325
SFr	1.5200	1.5145	2.4675	2.45
Fl	2.0735	2.0630	3.345	3.3325
Lira	1,308.5	1,300	2,111.5	2,104
BFr	38.05	37.75	61.35	61.10
C$	1.3075	1.3055	2.1085	2.1135

INTEREST RATES

	April 8	Prev
Euro-currencies (3-month offered rate)		
£	9⅝	9⅝
SFr	3⅝	3⅝
DM	3⅝	3⅝
FFr	8⅛	8⁹⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	6⅞	6⁷⁄₁₆
6-month US$	6⁷⁄₈	6¹¹⁄₁₆
US Fed Funds	6⅛*	6⅛
US3-month CDs	6.10*	6.375
US3-month T-bills	5.85*	5.88

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
April 8				
June	97-22	97-30	97-09	96-08
US Treasury Bills (IMM) $1m points of 100%				
June	94.32	94.36	94.30	94.30
Certificates of Deposit (IMM) $1m points of 100%				
June	–	–	–	93.69
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.33	93.35	93.29	93.33
20-year National Gilt £50,000 32nds of 100%				
June	124-07	124-08	122-09	123-23

US BONDS

Treasury

	April 8 Price	April 8 Yield	Prev Price	Prev Yield
6⅜ 1989	99²³⁄₃₂	6.579	99²¹⁄₃₂	6.582
7 1994	97²⁷⁄₃₂	7.11	97²⁵⁄₃₂	7.392
7¼ 1996	97²⁷⁄₃₂	7.576	97²⁵⁄₃₂	7.571
7½ 2016	95²⁷⁄₃₂	7.885	95²⁵⁄₃₂	7.895

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	−0.03
15–30	198.58	+0.59	7.76	−0.03

Source: Merrill Lynch

Corporate

	April 8 Price	April 8 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	94.0	5.95	93.98	5.95
SCBT South Central 10⅞ Jan 1993	103.0	9.75	104.5	9.67
Phibro Sal 8 April 1996	98.12	8.30	98.0	8.30
TRW 8⅞ March 1996	102.50	8.34	102.0	8.43
Arco 9⅞ March 2016	109.5	8.95	110.25	8.88
General Motors 8⅝ April 2016	91.125	8.57	91.5	8.95
Citicorp 9⅞ March 2016	99.0	9.47	99.25	9.45

Source: Salomon Brothers

* Latest available figures